

A Bold Plan Put Forward For Retirees In America

Why Quit at 65? Panel Asks as It Recommends Investment Accounts

By Richard W. Stevenson
New York Times Service

WASHINGTON — A commission including members of Congress from both parties proposed a sweeping plan to shore up Social Security on Tuesday, calling for the establishment of personal investment accounts and a gradual increase in the retirement age to 70.

The report is the most comprehensive package of recommendations to date for reforming Social Security in preparation for the baby-boom generation's retirement. It says the changes would keep Social Security solvent for at least 75 years without raising taxes, even as it trades some reductions in guaranteed benefits for the higher if less certain returns of the financial markets.

The plan "provides a solid middle ground where I see the congressional debate going over the next year," said Senator John Breaux, Democrat of Louisiana, a project leader.

Prepared after 15 months of study by the National Commission on Retirement Policy, a private group of lawmakers, economists, pension-system experts and business executives that was assembled by the Center for Strategic and International Studies, the report will most likely wield considerable influence at the White House and on Capitol Hill as Democrats and Republicans seek solutions to one of the most politically sensitive issues facing the nation.

While the committee's main recommendations are sure to be hotly debated, the report underscores the speed with which once-radical options for Social Security, like the addition of an investment component, have become part of the political mainstream.

Powerful interest groups including the American Association of Retired Persons oppose creating private accounts within the Social Security system, as do many liberal Democrats.

While the congressional Democrats and Republicans on the commission backed the investment-oriented approach, the panel had no members drawn from labor unions or other groups that have fought to maintain Social Security as a guaranteed safety net against poverty and old age.

But with the stock market booming and many people more comfortable than even a few years ago with investing on their own, Democrats, including Senators Daniel Patrick Moynihan of New York and Bob Kasse of Nebraska, have joined many Republicans in backing private accounts.

The report was unanimously approved last week by the commission's 24 members, including Mr. Breaux, Representative Charles Stenholm of

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THE OLD ORDER CONFRONTS 'PEOPLE POWER'

Protesters Tell Suharto: Resign Now, Not Later

By Keith B. Richburg
Washington Post Staff Writer

JAKARTA — Thousands of cheering, chanting students took over the grounds of Parliament on Tuesday, and the most outspoken critic of the Indonesian government vowed to bring "people power" into the streets in a mass rejection of President Suharto's plan to stage new elections and resign once a new leader is named.

The protesters are demanding that Mr. Suharto step down immediately, dismissing his proposal on Tuesday for a gradual transition as a stalling tactic that could allow him to cling to power for months.

The defiance of the students and of Amien Rais, who has positioned himself at the forefront of the country's fractured and quarrelsome political opposition, could lead to new confrontation with the nation's powerful military, which is seen as backing Mr. Suharto's plan for a slow turnover of power as a way to avoid the chaos of a leadership vacuum that an immediate resignation might bring.

That confrontation could come as early as Wednesday, when tens of thousands of protesters are expected to take to the streets in a show of opposition to Mr. Suharto's continued rule. The military has urged organizers to call off the protest, saying it could lead to more violence like the outburst last week that destroyed thousands of buildings and cars and left at least 500 people dead. On Tuesday night, Indonesian television ran warnings across the screen, telling viewers, "Do not be enticed to join any demonstrations, because it might trigger rioting."

Tanks and armored vehicles were positioned around the presidential palace and the national monument, the planned venue for the Wednesday protests, and barbed-wire barricades were positioned along a main commercial street that is the most likely route of the march.

On Tuesday morning, Mr. Suharto stunned the nation in a nationally televised address in which he said he had heard the calls for his resignation and had no interest in staying in power against the popular will.

"There is no need to worry that I will defend my right to the presidency," Mr.

See SUHARTO, Page 4

Britons Are Urged To Leave Indonesia

Britain urged all of its citizens to leave Indonesia as fears grew that protests called for Wednesday would turn violent. Opposition leaders say millions will take to the streets. Page 4. Foreign companies will have to rethink their Indonesia strategies. Page 17.



TESTING, TESTING — President Suharto preparing Tuesday to offer to quit once a new Parliament can be elected to appoint a successor.

Financial Crisis Reshaping Asian Politics, Too

By Nicholas D. Kristof
New York Times Service

JAKARTA — For decades, President Suharto and other Asian leaders spent billions of dollars hunting down guerrillas in the jungle or building up internal security networks to trap leftists and send them to prison.

But when Mr. Suharto pledged in a sober television address to the nation on Tuesday that he would step down from office, the force that had led to this stage after 32 years was not a Communist insurgency but a conspiracy of far more potent subversives: capitalism, markets and globalization. Instead of hiding in the jungle, they established a fifth column

in the glass-and-steel towers in the major cities, and Mr. Suharto's security forces never figured out how to handcuff them or torture them into submission.

It was these forces that touched off the Asian financial crisis, and Mr. Suharto's armaments were suddenly useless. His sophisticated military equipment can detect a guerrilla in the jungle of East Timor at night, but it was unable to discern bad bank loans or prop up a tumbling currency.

So Mr. Suharto appears to be on his way out, although the timing is uncertain. His vaguely worded pledge to step down was too imprecise for most people and the confrontation between Indonesia's people and president seems likely to continue.

The tumult here underscores the way that the financial crisis is reshaping Asian politics and society as well as business. The crisis has already ushered new governments into place in Thailand and South Korea as well as helped assure the rise of China's new prime minister, Zhu Rongji, a technocrat who knows much more about markets than about Marx.

Asian leaders are being forced to open up their economies and political systems, to break the colossus links that in Asia have made Siamese twins of the words "crony" and "capitalism."

Some scholars and diplomats say they believe the

See REGION, Page 4

3 Mexican Banks Snared in U.S. Drug-Money Sting

By Douglas Farah
Washington Post Service

WASHINGTON — The United States has accused three of Mexico's largest banks of knowingly aiding drug traffickers in laundering hundreds of millions of dollars in illicit proceeds from the United States and painted a grim picture of the Mexican financial sector's complicity in the drug trade.

In an indictment, the government said the banks were charged after a three-year sting operation in

which about 200 undercover U.S. Customs agents helped Mexican bankers launder millions of dollars through an elaborate scheme of shuffling the money between U.S. and Mexican bank accounts.

In addition to charging three banks with knowingly aiding drug traffickers, the indictment alleges that officials from 12 of Mexico's 19 largest banking institutions were involved in money-laundering activities.

Treasury Secretary Robert Rubin and Attorney General Janet Reno said that the indictment, which was

unsealed in U.S. District Court in Los Angeles, was the culmination of "the largest, most comprehensive drug money laundering case in the history of U.S. law enforcement."

The investigation, they said, directly linked Mexican banks and bank officials for the first time to laundering U.S. drug profits.

The operation netted only a small fraction of the \$40 billion to \$60 billion in illicit drug proceeds reaped

See MEXICO, Page 6

Ireland's Renaissance Spills Over Ulster Border

By Tom Buerkle
International Herald Tribune

BELFAST — As chairman of Ulster Bank, Sir George Quigley is a pillar of the Protestant business establishment in Northern Ireland that has long looked to Britain as the main source of trade and investment.

These days, however, Sir George has his sights fixed to the south on the astonishing boom that has transformed the Republic of Ireland from a poor, farm-dependent economy to a high-tech Celtic tiger. A flood of foreign investment has powered growth rates of 8 percent and more in recent years and lifted average incomes in the Republic above those in the North, and since last year above all of Britain, for the first time.

Ireland's renaissance has prompted Sir George and a growing number of northern executives to plot all-island business strategies, reflecting a belief that the economic divide between North and South is an anachronism at a time

when Europe is dismantling border controls and forging a single currency to cope with globalization.

Ulster Bank itself has expanded its network in the Republic by a third to some 120 branches in the last five years. Today the bank does more business south of the border than in Northern Ireland.

"It would be ludicrous to have a single market in Europe but two markets in Ireland," Sir George said in an interview at the bank's central Belfast headquarters. "Each part of Ireland ought to be able to benefit from the success of the other."

This new relationship between a resurgent Irish Republic and a North eager for economic opportunity and development has played a modest but important backstage role in the Northern Ireland peace process, many business and political leaders say.

Ireland's economic success and the growing tendency of people to see their

See ULSTER, Page 6



STOP ME IF YOU'VE HEARD THIS ONE — President Fidel Castro of Cuba amusing President Nelson Mandela of South Africa at a World Trade Organization conference in Geneva on Tuesday. Page 5.

Netanyahu's Spinmeister: A Profile in Indiscretion

By William Drozdiak
Washington Post Service

JERUSALEM — During his career as an internationally acclaimed concert pianist, David Bar-Illan rarely struck a discordant note. And when he joined the staff of Prime Minister Benjamin Netanyahu of Israel, his admirers say, Mr. Bar-Illan learned how to play the press even better than the piano.

But the reputation for polished discretion that Israel's chief spinmeister so carefully cultivated was in tatters after The New Yorker magazine published a lengthy profile of his boss in which Mr. Bar-Illan was quoted as making highly undiplomatic remarks, most of all about Mr. Netanyahu's wife, Sara. Acknowledging that the prime minister's third marriage has been less than blissful, Mr. Bar-Illan portrayed an image of Israel's first lady as a high-strung harpie who must be monitored practically around-the-clock to prevent her from inflicting devastating blows to her husband's political career.

"Look, Sara is not the most stable woman in the world," Mr. Bar-Illan was quoted as having told the author of the piece, David Remnick.

"Now she only appears at the appropriate things, receptions for children, things for the retarded or the disadvantaged. And it works. It's O.K. Finally, it's become boring to Israelis."

"Had she run half-naked through the streets, it might have been something else, but it's under control." That scathing commentary by Mr. Netanyahu's most trusted adviser unleashed an uproar throughout

Israel, not least because it seemed to confirm earlier accounts about Mrs. Netanyahu's shrewish behavior. Israeli tabloid newspapers have reported that she hurled shoes at her servants, disrupting high-level government meetings and was sued by her children's nanny for "enslavement" and other forms of maltreatment.

Struggling to salvage her reputation and his job, Mr. Bar-Illan insisted Tuesday that his remarks were fabricated and that he could not understand how Mr. Remnick, a Pulitzer Prize-winner for a book about Russia, could have published such material.

"It is just simply a lie," Mr. Bar-Illan told Israel Radio. But Mr. Remnick insisted that the comments

See ISRAEL, Page 6

AGENDA

Bonn Balks at Aid for Airbus 'Super-Jet'

BERLIN — Germany said Tuesday that it would not provide any state aid to Airbus' planned A3XX super-large jet project if the consortium did not complete its conversion into a single corporate entity.

Economics Minister Guenter Rexrodt, speaking after talks with ministers from France, Britain and Spain,

said that the restructuring of the world's second-largest planemaker would have to come before Bonn would help fund the development of an airliner with more than 500 seats to compete with Boeing Co.

Transforming Airbus into a single company cannot go forward unless France privatizes Aerospaciale, which it has been reluctant to do.

Saudis to Free Nurses Convicted of Murder

LONDON (Reuters) — King Fahd of Saudi Arabia has commuted the sentences of two British nurses — Deborah Parry and Lucille McLauchlin — who were convicted of murdering an Australian colleague, and they will be released from a Saudi prison within days, the country's ambassador to London said Tuesday.

Newstand Prices			
Andorra.....	10.00 FF	Lebanon.....	11.3000
Antilles.....	12.50 FF	Morocco.....	18 Dh
Cameroon.....	1.800 CFA	Qatar.....	10.00 QR
Egypt.....	5.50 LE	Réunion.....	12.50 FR
France.....	10.00 FF	Saudi Arabia.....	10 SR
Gabon.....	1.100 CFA	Senegal.....	1.100 CFA
Italy.....	2.800 Lire	Spain.....	1.250 Ptas
Ivory Coast.....	1.250 CFA	Tunisia.....	1.250 Din
Jordan.....	1.250 JD	U.A.E.....	10.00 Dh
Kuwait.....	700 Fils	U.S. Mkt. (Eur.)	\$1.20

The Dollar		
	Tuesday 9 A.M.	previous close
New York	1.7832	1.7857
DM	1.6214	1.6217
Pound	1.3635	1.3625
Yen	5.981	5.988
The Dow		
	Tuesday 9 A.M.	previous close
+3.74	9054.65	9050.91
S&P 500		
	Tuesday 9 A.M.	previous close
+3.73	1109.55	1105.82

Unbelievable Prices / 'Scandals Have Had Some Impact'

Japan's Good-Time Business Bars Running Dry

By Sheryl WuDunn
New York Times Service

TOKYO — For six years, Takashi Katakura has made weekly visits to a tiny bar where a cuddly hostess pours whisky for him as he tries to talk business with his colleagues.

The bill for an evening of drinks for two comes to nearly \$500, and his company picks up only half the tab, instead of the full amount as it did in the 1980s.

Back in those more prosperous times, the rich used to step out of their Ferraris and Bentleys and check their wallets at the door of the bars or plunk down about \$8,000 and drink until the money ran out.

Between 11 P.M. and 2 A.M. the streets used to be blocked with limousines, and people had to wait a long time for a taxi.

But now there are no taxi lines. And for Mr. Katakura, a wiry, ebullient advertising executive, the bill at the Kei bar may get more expensive yet.

The entertaining business in Japan is suffering its worst slump in 70 years, partly because of difficult economic times but — more important — because of a series of scandals in which government officials were treated to lavish meals and golf outings by banks they supervised.

The effects have been whipsawing their way around business circles, threatening to dampen the economy further with more cutbacks in traditional gift-giving and entertainment.

Tokyo and other major Japanese cities are full of little bars and restaurants that charge unbelievable prices, surviving largely on expense accounts. But these days, even at the classy Kei, sales are sometimes down 30 percent, according to the owner, Yoko Miura.

"No bureaucrats will come," said Miss Miura.

Some say that the change is a fundamental one and that business is coming to be conducted more openly, so that drinking sessions at such places will no longer be essential to reaching a contract. If so, the little bars could gradually disappear the way most of the great artisans of the Japanese entertainment industry, the geisha, already have.

AS A WILLOWY hostess in a minidress with a plunging neckline giggled beside him, Mr. Katakura looked mournfully at his glass. He agreed that it was inappropriate for government officials to accept lavish entertainment from institutions they oversee. But he still regrets the public hostility toward entertainment.

"Entertaining bureaucrats is the wrong thing to do," he said. "But because Japan is not quite a democracy, our moral standards have not yet been fully established."

In an effort to improve them, Parliament is debating new legislation on an ethical code for bureaucrats. The Nissan Motor Co. said recently that it had sent a letter to 300 clients asking them to refrain from giving presents to their staff members or entertaining them, and other companies are likely to do the same.

The Bank of Japan, the nation's central bank, cut the pay of 98 of its officials for excessive dining out, and the Finance Ministry issued similar penalties for 112 of its employees after an internal investigation into unethical entertainment.

The problem is that Japan tries to cut back on business entertainment, it is unclear whether it can do business without it.

Japan is a highly formal, ritualized country, and



Sheryl WuDunn/The New York Times

Yoko Miura, owner of a Tokyo hostess bar, says sales are down about 30 percent. Business has fallen off because of major cutbacks in company budgets and a series of scandals involving government officials.

against this background it is hard simply to get comfortable and get down to business. So the Japanese developed a tradition of inviting clients, colleagues and government officials to bars or private restaurants, called *ryotei*, so that people can relax and build relationships and win favors. Even so, it sometimes takes eight hours of eating and drinking and barhopping before any real information is traded or any real business is conducted.

"People don't open up in formal settings, so dining is really a part of the Japanese culture," said Yukio Okamoto, a former Foreign Ministry official who now runs his own consulting company. "I don't go home on weekdays until midnight. All my dinners are taken up with meeting people."

Indeed, Mr. Okamoto said that he usually schedules two dinners a night.

The ties between government and industry may not have been proper, but the entertaining at least served to promote the flow of information between the two sides. Now the banks and the brokerage houses have drastically cut down on their entertaining, and relations between the Finance Ministry and the financial industry have become so strained that the two sides hardly talk to one another.

"They've ceased functioning," a senior bank executive who insisted on anonymity said of the Finance Ministry. "There is no communication. They are isolated from the market."

Momoki Koike, who runs his own bar in Ginza,

said, "The scandals have had some impact. For securities companies and banks, when the top people get arrested, the subordinates don't feel like going out to drink."

Roran, one of the most notorious restaurants in the latest wave of scandals, has apparently been forced to shut down for now. A members-only club, it served "no-pan shabu-shabu." As everybody in Japan now knows, this refers to the Japanese meat dish known as shabu-shabu served by waitresses with "no-pan" — meaning no panties.

It was a favorite of a few Finance Ministry officials who have now been arrested for receiving entertainment bribes.

THE MINISTRY of Finance was the leading guide for the finance industry. For years banks had special liaisons, called Mof-tans, whose job was to cultivate ties with ministry officials to learn about coming rules, seek approval for new products and simply gauge the direction of policy by collecting tidbits of information from the officials.

"They would call up and say, 'We'd like to talk about something, but we can't talk about it until after 7 P.M.'," said a Japanese banker, who spoke on the condition he not be identified. The result is that the Mof-tans and other bankers would spend their evenings and their weekends entertaining ministry officials.

But now the banks and brokerage houses have abolished the Mof-tans and no banker dares invite any government official to dinner or the golf course. One government official remarked that young officials at his ministry are spurning even cups of coffee from corporations, for fear of compromising ethical standards.

"I can't accept your invitation," said a senior Finance Ministry official after he was invited to lunch recently. "Lunch with a lady? Can you imagine the weeklies snapping my picture?"

Kabila's Principal Allies Growing Disenchanted

By Lynne Duke
Washington Post Service

KINSHASA, Congo — The close ties between President Laurent Kabila's Congo and his key regional allies, Rwanda and Uganda, have begun to fray as the two neighboring nations grow increasingly concerned about Mr. Kabila's policies, according to regional and diplomatic sources.

Rwanda and Uganda have been widely viewed in diplomatic and African governmental circles as Mr. Kabila's benefactors. Along with Angola and Burundi, they supplied the military might that enabled Mr. Kabila's rebel forces to seize power last year.

Now, however, friction among the three over continued instability in eastern Congo, as well as other issues, has created what Congolese officials characterize as a subtle power struggle in Central Africa, which is anchored by Congo, Africa's third-largest nation.

After Rwanda's and Uganda's heads of state did not attend a planned regional summit meeting in Kinshasa or the celebration of Mr. Kabila's first anniversary in power Sunday, a Western diplomat here said the absences were part of a pattern of Uganda and Rwanda distancing themselves from Mr. Kabila.

With several other nations' delegations present or en route, Mr. Kabila's government took the embarrassing step of canceling the meeting at the last minute. As its reason, it cited the border conflict that broke out last week between Ethiopia and Eritrea.

"We think it's a setback, but it's not the end of the world," a high-level government official in Kinshasa said of the summit cancellation and the subsequent attendance of only two heads of state — from Zimbabwe and the Central African Republic — at Mr. Kabila's anniversary event.

The principal irritant within the once close Congo-Uganda-Rwanda alliance is a perception in the region and abroad that Mr. Kabila's inexperienced government behaves erratically and attempts to project itself as a greater power than it is, the Western diplomat said.

"I don't think he's seen as an equal by most of the regional leaders," the diplomat said of Mr. Kabila, asserting that the Congo leader lacked the experience and finesse of the allies that helped put him in power. The diplomat said that Western powers also hold this view and that their feedback may help shape regional views on Congo.

A senior Congolese political official said that Uganda in particular treats Congo as if it were a client state. The official speculated that President Yoweri Museveni of Uganda may feel a heightened sense of importance after hosting a regional summit meeting in March as part of President Bill Clinton's African tour.

"It's nonsense to believe that this country could be a client of Rwanda or Uganda," the official said. "This country is bigger, has more resources, has nine borders. It can't be a client of small countries like that."

More specifically, there is disagreement over how to handle the insurgencies that are plaguing all three countries, as well as Burundi, along their common borders.

The longevity of the Congo-Rwanda-

Uganda alliance has been a closely watched dynamic in Central Africa since Rwanda flexed its military muscle by backing Mr. Kabila's 1996-97 rebellion in Congo, which then was named Zaire. With the help of Rwanda — and eventually Angola — troops and logistical backing from Uganda, Mr. Kabila marched across Congo, chasing the dictator Mobutu Sese Seko into exile in Morocco, where he died a few months later.

Rwanda and Uganda each had specific security interests at stake in the former Zaire. Since taking power by toppling the Hutu-extremist government that killed a half-million people or more in 1994, Rwanda's minority Tutsi-dominated government had been plagued by Hutu former soldiers and militiamen who were launching attacks into Rwanda from UN refugee camps inside Zaire. Ugandan rebels also used Zaire as a base from which to attack into Uganda. The rebel forces, along with the gradual collapse of Mobutu's state machinery, had transformed the once prosperous commercial region of eastern Zaire into a wasteland of conflict.

Mr. Kabila's backers saw his rebellion, begun in October 1996, as a way to solve those problems. But a year after the war's end, the eastern rebel problem persists, and the three countries do not agree on how to solve it.

TRAVEL UPDATE

Cash in Times Square

NEW YORK (NYT) — Automated teller machines are hard to find in Times Square, but that will change in July, when a Boston bank plans to install more than a dozen ATM's at two locations.

Fleet Financial Group plans to install the machines as part of a marketing push to increase its 10 percent share of the banking business in the New York area.

Of course, it being Times Square, there will be a very big sign.

Over the machines at Broadway and 46th Street will be a 30-foot-high, 80-foot wide (9 meter by 24 meter) electronic sign. The top of the sign will be a replica of a Fleet ATM with a moving bank card and a \$20 bill coming out of a slot.

"If you are looking for an ATM in Times Square, you won't have any trouble finding one anymore," said Anne Finucane, the bank's senior vice president for corporate marketing.

Taiwan Airline Freeze

TAIPEI (Reuters) — Taiwan on Tuesday ordered the country's flag carrier not to buy or lease any more aircraft until it improves its air safety standards.

The order comes three months after a China Air Lines Airbus crashed in Taipei, killing all 196 people aboard and six on the ground in the country's worst air disaster. China Air Lines said the buying freeze would have no effect on already approved plans to buy 15 aircraft.

Motorists in the Gulf emirate of Dubai who fail to keep a safe distance from the car in front now risk having their vehicle impounded and paying a fine of up to \$400, police said. (AFP)

Senate Tackles Broad Curb on Smoking

By Sandra Torrey
Washington Post Service

WASHINGTON — The Senate on Tuesday began considering one of the most ambitious pieces of legislation it has attempted in decades.

The bill proposes to reach across the country to curtail smoking in most workplaces and public buildings, strip many city streets of cigarette billboards, eliminate cigarette vending machines, pay for substantial new medical research and fund an unprecedented campaign to deglamorize smoking, especially among teenagers.

Seldom has Congress moved so quickly to work

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such monumental change on a major industry and to affect the behavior of so many Americans.

The "National Tobacco Policy and Youth Smoking Reduction Act," which could be voted on by the end of the week, would impose the largest price increase ever on cigarettes and broad restrictions on a \$50 billion industry that was once considered politically inviolable. Its goal is to reduce tobacco's toll on the nation's health and to change the culture of smoking by stopping teenagers.

That the Senate is considering such change has amazed political observers familiar with the many ways

that complicated legislation can find a fatal end in Washington. In this case, the driving force has been an unwavering public disdain for the tobacco industry and growing insistence on some kind of change.

Added to that is the tantalizing prospect of hundreds of billions of dollars in new government revenue from the proposed price hikes. "The thing that's driving this now is the hunger for money," said an anti-smoking activist, Michael Pertschuk.

Most analysts predict that major legislation will emerge from a tumultuous week of debate. How forcefully the Senate acts will determine in part the prospects for similar legislation in the House, which will take up the issue this summer.

If it survives there, the final legislation would be written after negotiations among the House, Senate and White House.

"Who dares vote against

it?" asked Tom Korologos, a veteran lobbyist. "I think the thing passes 80 to 20."

Many say they believe the Senate measure will set the ceiling for stringent anti-smoking legislation.

It is an audacious exercise for the Senate, where Big Tobacco has wielded clout for decades.

And the coming debate over a bill that the industry is spending millions to kill underscores the precipitous fall of tobacco's fortunes in Washington.

As it stands now, the bill would do these things:

- Impose a fee of \$1.10 a pack over five years on cigarette makers, which they must pass on to consumers — the biggest government-imposed increase ever. Federal taxes now are 24 cents a pack, set to rise to 39 cents in 2002.
- Give the Food and Drug Administration broad authority over tobacco products, including marketing restrictions that would ban tobacco billboards within 1,000 feet (300 meters) of schools and eliminate cartoon characters and color in cigarette ads.
- Settle multibillion-dollar lawsuits by more than 40 states and localities against the industry and limit the payment of industry damages in lawsuits to \$6.5 billion a year.
- Impose huge penalties, known as "look-backs," on tobacco companies that fail to achieve targeted reductions in youth smoking.
- Curtail smoking in many workplaces, public buildings and fast-food restaurants to limit the effects of second-hand smoke.

DEATH NOTICE

The Tanner family
is sad to announce the death of

Henry Tanner

former New York Times and
International Herald Tribune
reporter, who died in Normandy
on May 15, 1998.

A funeral service will be held at the
Funerarium des Baginellens,
10, rue Pierre-Rebierre, Paris 17
at 2 P.M. on Tuesday, May 26.

No flowers.

He is survived by
his wife, Christine, his son, Vic,
and daughter-in-law, Caroline,
and granddaughter, Catherine.

FOR INVESTMENT
INFORMATION
Read
THE MONEY REPORT
every Saturday in the IHT.

WEATHER

Forecast for Thursday through Saturday, as provided by AccuWeather.



Legend: sun, sun partly cloudy, c, cloudy, sh, showers, th, thunderstorms, r, rain, s, snow, h, hail, w, weather.

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Europe
Algeria 25/17 15/8 W 25/17 14/7 S
Austria 19/9 12/3 S 19/9 12/3 S
Belgium 19/9 12/3 S 19/9 12/3 S
Bulgaria 20/8 12/3 S 20/8 12/3 S
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Czechia 20/8 12/3 S 20/8 12/3 S
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Germany 20/8 12/3 S 20/8 12/3 S
Greece 20/8 12/3 S 20/8 12/3 S
Hungary 20/8 12/3 S 20/8 12/3 S
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THE AMERICAS

Satellite Firm Denies Benefiting From Gifts

By Roberto Suro
and Juliet Eilperin
Washington Post Service

WASHINGTON — In its first detailed response to allegations it received favorable treatment from the Clinton administration on high-technology exports to China, a major U.S. aerospace company has denied that it requested or received "political favors or benefits of any kind" in exchange for campaign donations.

As Republican leaders in Congress said they were considering naming a special committee to investigate the matter and the Justice Department moved closer to opening a criminal case, Loral Space & Communications Ltd. said Monday that a

waiver it received early this year to export satellite technology to China was "handled in a routine way" by the U.S. government.

"No political favors or benefits of any kind were requested or extended, directly or indirectly, by any means whatever," the Loral statement said.

The company also said earlier allegations that its space systems division "provided missile guidance technology to the Chinese are false."

The Justice Department opened one criminal investigation last year to determine whether Loral and Hughes Electronics Corp. had violated laws regarding the export of sensitive technologies after the 1996 crash of a Chinese "Long March" missile car-

rying a Loral-made satellite. In reviewing the results of a Chinese investigation into the crash's cause, Loral and Hughes technicians allegedly turned over information that would improve the missile's guidance systems, despite U.S. policy against doing so.

With Justice already scrutinizing those allegations, Loral sought and was granted permission by the White House this year to return to China for another commercial satellite launch. Republicans say the decision was influenced by \$632,000 in donations to the Democratic Party by the chief executive officer of Loral, Bernard Schwartz, the party's largest single donor for the 1996 election.

The Loral statement said that Mr. Schwartz "was not

personally involved in any aspect of this matter" and that the waiver this year was "one of 16 such waivers approved by Presidents Bush and Clinton since 1989."

The Justice Department's campaign finance task force, which is investigating a variety of allegations connected to 1996 campaign contributions, met on Monday to review the Loral matter but reached no conclusion on how to proceed. But officials involved in the discussions said it appeared increasingly likely they would soon begin a full-scale criminal investigation of the 1998 waiver.

Meanwhile, the speaker of the House, Newt Gingrich, Republican of Georgia, is considering establishing a select committee to investigate the Loral matter and the broader allegation that the Chinese government sought to buy influence with the administration by coordinating a plan to illegally funnel as much as \$2 million into U.S. political campaigns. Justice's investigation of the alleged "China plan" advanced recently when the Democratic fund-raiser Johnny Chung told prosecutors that a Chinese military officer had given him \$300,000 to use in U.S. campaigns.



"STOP THE KILLING!" — Residents of Barrancabermeja, Colombia, chanting for peace after death squads killed at least 11 people in the oil town.

POLITICAL NOTES

Congress Waters Down Drunken-Driving Rule

WASHINGTON — Congressional negotiators say they rejected a tough new national standard for drunken driving to reach agreement on a \$200 billion transportation bill, a move that was immediately denounced by highway safety groups as a capitulation to the liquor lobby.

Congressional leaders had expressed concern that a protracted battle over the issue would stall passage of the overall bill, which Congress is rushing to complete this week, and delay essential road, bridge and mass transit programs around the country.

The transportation bill represents one of the largest public works plans in history, calling for spending \$167 billion over the next six years on highway projects and about \$33 billion on mass transit programs. Negotiators for the House and Senate must still work out the complex formulas that will dictate how the transportation funds will be allocated among states.

The announcement Monday on the drunken driving measure marked the culmination of weeks of intense lobbying pitting such groups as Mothers Against Drunk Driving and the Clinton administration against restaurant owners and beer wholesalers, in what one congressional official called "deep emotions versus deep pockets."

The negotiators rejected a Senate plan to withhold highway funds for states that did not enact the new standard in favor of a House version that would provide more money for those that do. (NYT)

High-Tech Immigration

WASHINGTON — Responding to loud pleas from Silicon Valley, the Senate voted overwhelmingly Monday to allow as many as 30,000 additional foreign engineers and other high-technology workers into the country over the next four months.

Designed to address the labor shortage in the burgeoning information technology industry, which is expected to create as many as 1.3 million jobs over the next decade, the bill increases the annual cap on temporary visas for such skilled workers to 95,000 until 2002. It also removes the limits on how many permanent employment visas can be granted to natives of a particular country.

"We can allow people who want these jobs to come to America, or we can allow the companies with the jobs to go to other places," Senator John Ashcroft, Republican of Missouri, said before the 78-20 vote.

The House Judiciary Committee is scheduled to take up a similar measure this week. (LAT)

Quote/Unquote

Charles Bakaly, a lawyer and top spokesman for the office of the independent counsel Kenneth Starr: "My title is counselor. I advise Starr on investigative strategy and communication of the office's work to the American people through the media. We've decided that we will aggressively try to correct misinformation out there, and we will try to make as much information available to the public as we're allowed to do." (WP)

A 'Fabrication,' China Asserts

Beijing Denies General's Daughter Donated to Clinton

By John Pomfret
Washington Post Service

BEIJING — China labeled as "sheer fabrication" on Tuesday a report that the daughter of a Chinese general funneled cash to the Democratic Party in an effort to buy policy concessions from the Clinton administration.

In two statements, the Foreign Ministry and China Aerospace Corp., which manufactures rockets and engages in satellite launches, denied that Lieutenant Colonel Liu Chaoying of the People's Liberation Army gave money to Johnny Chung, a Democratic Party fund-raiser, in 1996.

Mr. Chung told the U.S. Justice Department he transferred more than \$100,000 from the Chinese military to the Democratic National Committee and President Bill Clinton's 1996 re-election campaign. U.S. officials have said the White House has said there was no connection between the reported contributions and its decision to ease U.S. sanctions against China to allow U.S. companies to launch their satellites on Chinese rockets.

Lieutenant Colonel Liu's parent firm, China Aerospace Corp., is interested in launching commercial satellites for companies in the United States and other countries.

"Recently, some people and media in the United States speculated again about so-called participation by Chinese individuals in political donations during the U.S. elections," said Zhu Bangzao, a Foreign Ministry spokesman. "It is sheer fabrication and is intended to slander China."

Beijing, Mr. Zhu added, "has never, nor will we ever, use money to influence American politics."

Lieutenant Colonel Liu is the vice president for international trade of a Hong Kong-listed company controlled by China Aerospace and the daughter of General Liu Huaqing. A veteran of China's Long March and the Korean War, General Liu retired as vice chairman of the Communist Party's powerful Central Military Commission last year.

A statement by China Aerospace said the company had carried out an investiga-

tion of the matter and found that "none of the company's members had been involved in any way in political fundraising."

"Liu herself," the statement said, "stated clearly that the accusations are groundless and based on rumor."

At the Foreign Ministry, Mr. Zhu attributed the reports in the American press to a scheme by "some people who are not willing to see the improvement in U.S.-China relations. They went so far as to resort to rumors and lies. But their political plot will never get anywhere."

Mr. Chung, who pleaded guilty to campaign finance-related charges last March, has told federal investigators he received \$300,000 in the summer of 1996 from Lieutenant Colonel Liu with the understanding that the money would be used to make contributions to Democratic Party campaigns, according to officials familiar with his disclosures.

In July 1996, she accompanied Mr. Chung to a Los Angeles fund-raiser and was photographed with President Clinton.

Screening Backed In Prostate Cancer

By Andrew Pollack
New York Times Service

LOS ANGELES — A new study provides the first evidence that routine screening of men for prostate cancer can substantially reduce deaths from the disease.

The research, carried out on 46,000 men in Quebec, is the first large randomized trial to shed light on a highly controversial question: Does screening apparently healthy men for prostate cancer save lives in the same way that periodic mammograms do for women, or does it merely subject men to treatments for tumors that in many cases would not harm them?

The study, by Dr. Fernand Labrie and colleagues at Laval University in Quebec, found that men who underwent screening had a death rate from prostate cancer less than one-third that of men who were not screened. Such a 69 percent reduction in deaths would translate into 27,000 fewer deaths from prostate cancer in the United States each year, Dr. Labrie said at the annual meeting of the American Society of Clinical Oncology here.

But some other experts said that weaknesses in the study's methods left its results open to serious question. For that reason, some said, they would not recommend that massive screening for prostate cancer be carried out until more data are available.

"This is an important and visionary study," Dr. Derek Raghavan, chief of medical oncology at the University of Southern California, said at a news conference at the oncology meeting. But he added, "I'd have to say I'm not yet convinced."

Two more big studies, one in the United States and one in Europe, are under way to address the question of whether screening saves lives, but results are not expected for years.

Away From Politics

• Anyone who bought Viagra or Urophil, fake versions of the impotence drug, will be able to get refunds and the company that sold them must pay \$167,500 in fines, a state court in Kansas City, Missouri, ruled. (AP)

• The district attorney in Franklin, Tennessee, agreed to drop obscenity charges against a Barnes & Noble bookstore after it promised to keep books with nude photographs of children out of the reach of kids. (AP)

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Robert Parsons, Chairman of the World Mining Group at Price Waterhouse (Jakarta, Indonesia)

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James Rohrer, Editor and Publisher of Asia Inc., Asian Editor for Fortune Magazine, Author and Former Director and Chief Economist of CS First Boston in Hong Kong (Hong Kong)

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ASIA/PACIFIC

Call Goes Out For Britons To Evacuate Indonesia

Compiled by Our Staff From Dispatches

LONDON — Britain on Tuesday urged all of its citizens still in Indonesia to leave the country immediately. The British Embassy in Jakarta busied people to the airport for a late flight.

Although Indonesia was relatively calm Tuesday, there was fear of fresh violence Wednesday, a national holiday, when opposition leaders have vowed to bring millions of protesters onto the streets despite hints of a military crackdown.

Several embassies in Jakarta have chartered a total of more than 100 emergency flights to evacuate nonessential staff and thousands of foreigners to nearby foreign cities, including Singapore and Bangkok.

"We would like people to get out as quickly as possible," a junior minister in the British Foreign Office, Derek Fatchett said Tuesday on BBC radio.

"The key thing for their own safety is to get out of Indonesia," he said.

He added: "If they can get out of Indonesia in the next 24 hours, then that is all well and good."

"Our estimate is that we are talking about hundreds of British citizens rather than thousands," Mr. Fatchett said.

He said that British Airways was sending two extra aircraft to Indonesia to evacuate people. A British Airways official said that about 1,800 Britons had left the country in the last few days.

The government of Taiwan ordered additional steps Tuesday to evacuate its nationals. The Taiwan Foreign Ministry said it had chartered flights by China Airlines and EVA Airways for evacuations on Wednesday.

Japan also stepped up its evacuation operations, dispatching four more air force transport planes and a coast guard patrol boat as well as chartering commercial aircraft.

Four C-130 Hercules transport planes left the Komaki Air Base in central Japan Tuesday for the Paya Lebar Air Base in Singapore, Japanese officials said.

Two other C-130s were dispatched late Monday. Each of the planes can carry about 80 people. They are expected to be used in shuttling Japanese from Indonesia to nearby countries for commercial flights home.

More than 2,000 Japanese citizens have fled Indonesia since Monday, but there are still more than 10,000 in the country, Japanese officials said.

The coast guard patrol boat, dispatched from Okinawa, the 5,300-ton Mizuho, can carry up to 500 people. It has two helicopters aboard. Japanese officials said it would be about five days before the Mizuho reached waters off Indonesia. A second patrol boat was on standby for a similar mission, they said.

In Jakarta, the U.S. and Japanese embassies closed their gates Tuesday for all but emergency services for their citizens.

The two embassies temporarily halted visa services due to reduced staff.

The Japanese Embassy said its visa office would not be reopened until after the demonstrations Wednesday.

A U.S. Embassy spokesman, Richard Gong, said the embassy's visa office would reopen Friday if conditions permitted.

Meanwhile, the Australian Embassy has flown in additional staff to assist its overburdened immigration office, which received 1,000 visa applications Monday, an embassy spokesman, John Milne, said. There was a long line of visa applicants outside the embassy Tuesday. (Reuters, AP, AFP)

REGION: Financial Crisis Reshapes Asia

Continued from Page 1

result is a landmark in the decline of the old order in Asia.

"Economically and politically, what we're seeing today is a watershed," said Linda Tsao Yang, the American envoy to the Asian Development Bank. "You look at country after country, from Thailand to South Korea, and you find governments that are more accountable to the people, with more rule of law, with less rule by man or connections."

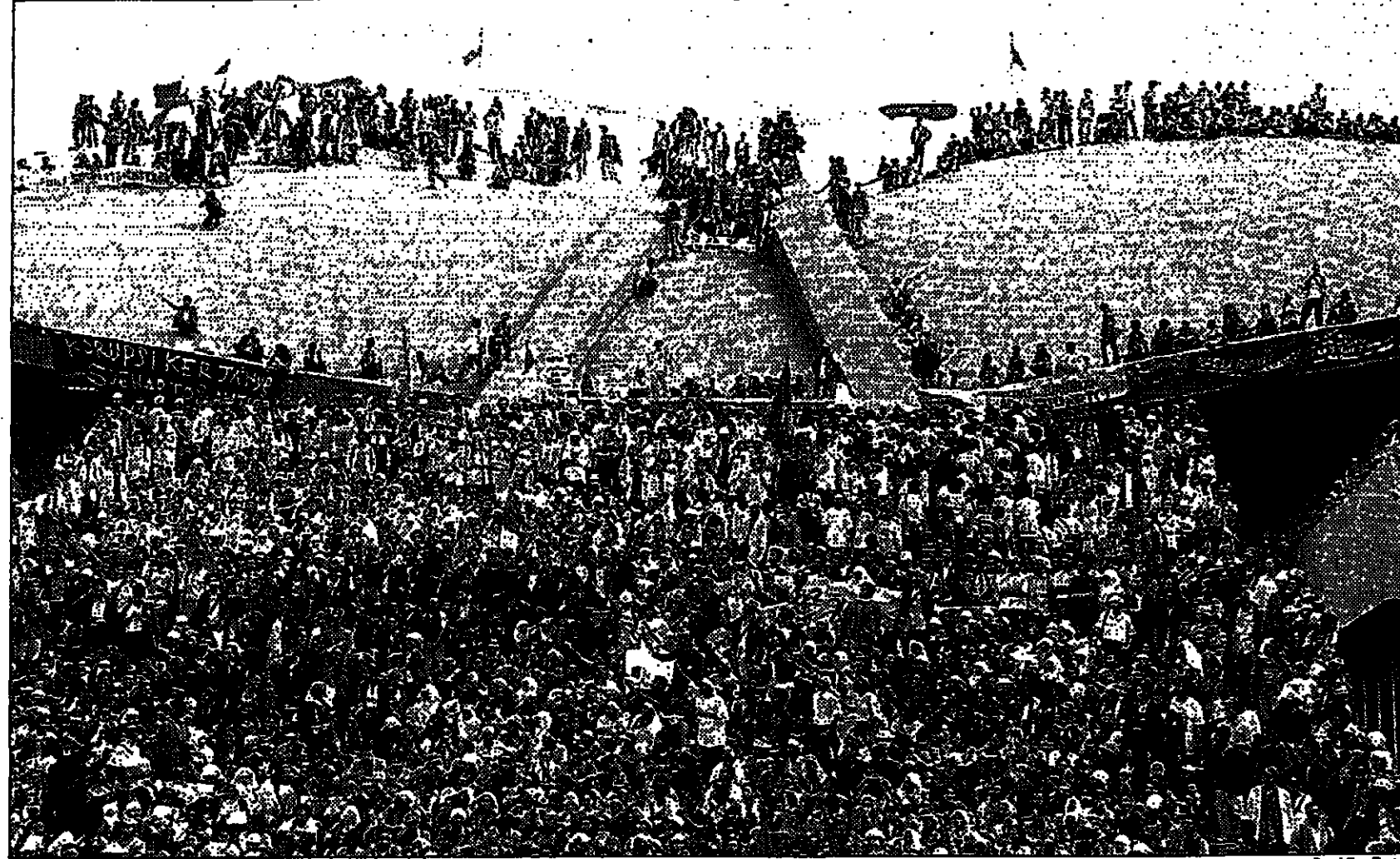
"If the region can survive the major, major changes and have a peaceful transition period," Ambassador Yang added, "then the Asia that emerges will be much stronger for the exercise."

It is difficult to exaggerate how stunning some of the changes are. A year ago, it would have been almost inconceivable that thousands of Indonesian university students would take over the Parliament building and shout "Hang Suharto!" as they did Tuesday, or that the resident of South Korea's presidential mansion would be Kim Dae Jung, the longtime dissident whom the mansion's previous residents repeatedly jailed and tried to kill.

Both Mr. Suharto's fall from grace and Mr. Kim's rise to it would have been extremely unlikely if the financial crisis had not created broad dissatisfaction with the existing order.

The changes will take many years, perhaps decades, and they are occurring at a different pace in each country. But the process seems underway in much of the region and it involves opening up society and business as well as politics.

It used to be that each country tended to be governed in part by a quasi-aristocracy of elites who married their children off to each other and controlled key positions in government, business, academia and the news media. This aristocracy relied on exchanging favors — politicians gave preferences to their banking buddies, who reciprocated by



Students shouting slogans and waving flags as they climbed to the roof of the Indonesian Parliament building in Jakarta on Tuesday.

PROTESTS: Students Romp Through Parliament Unchecked

Continued from Page 1

vertising student at the University of Indonesia. "He's been president for 32 years, so it is not easy for him to give it up."

Like most students, Miss Satriani was disappointed but not surprised by Mr. Suharto's televised address. Watching the speech with friends in a common room at the University of Indonesia on Tuesday morning, she shook her head in disgust as the president laid out the conditions for his departure.

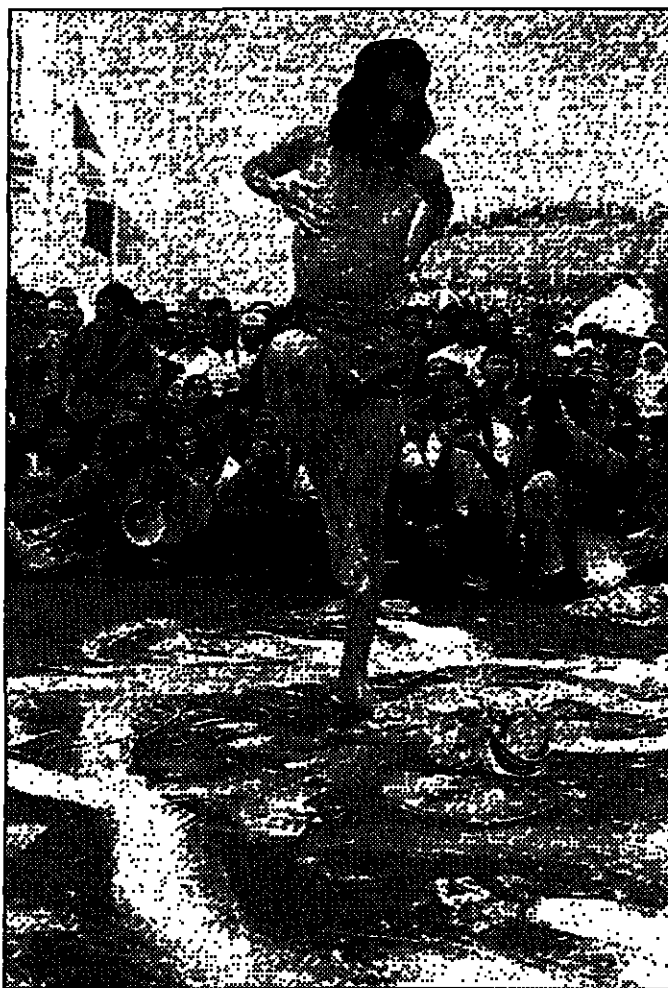
Miss Satriani dismissed Mr. Suharto's promise to hold new elections as a cynical maneuver by an autocrat unwilling to relax his grip on power, even in the face of overwhelming rejection. "I haven't got any idea of what he is planning to do," she said. "I just know I don't believe him anymore."

Rows of soldiers guarded the gates of Parliament, refusing entry to people other than students and journalists. But the soldiers did not venture into the sprawling complex and gave the students free rein.

Hundreds of students mingled under a tropical sun outside the building.

Inside, they camped out in lobbies and stairwells, banging plastic water bottles on the floor in thunderous chants against Mr. Suharto. Those exhausted by the hard work of protesting slept peacefully under newspapers amid the din.

On Tuesday morning, a group of students stormed into a committee room and pulled down a portrait of Mr. Suharto, leaving a portrait of the vice president, B.J. Habibie. A few hours later, a delegation of army generals held a meeting with students and professors under the conspicuously absent portrait.



An art student performing a dance in front of the Indonesian Parliament building in Jakarta on Tuesday. Students occupied the building, demanding the resignation of President Suharto.

"We didn't take it down," said Major General Ahmad Rustandi, with a sheepish smile. "Please don't say that we did."

But it was in the cavernous, wood-paneled House chamber that the students gave the most vivid demonstration of their contempt for the government. Long the inner sanctum of a legislative body that meekly ratified Mr. Suharto's rule, the House chamber became a playground.

Students in khaki uniforms from the Indonesian Maritime Academy sprinted

around the room on the desks. Others heckled the speakers by tossing wads of paper at them. And the unofficial leaders sitting on the rostrum elbowed each other out of the way as they tried to get a turn at the podium.

The students mocked General Wiranto, who disappointed them on Tuesday by announcing that the army would support Mr. Suharto. But they also taunted Mr. Harmoko, the House speaker, who demanded Monday that Mr. Suharto resign, only to back off somewhat Tuesday after the chilly response from General Wiranto and Mr. Suharto himself.

Asked why they were mocking Parliament when Mr. Harmoko had lent his support to them, a student said: "The Parliament doesn't have the mandate of the people. We can't take it seriously."

Indeed, the military's decision to allow the students to take over the Parliament could be seen as something of a rebuke to Mr. Harmoko, who like many Indonesians uses only one name. Mr. Harmoko is the third-ranking political official in Indonesia, and the House of Representatives is his seat of power.

Despite the joyous tone of the protest Tuesday, some students acknowledged that the party atmosphere could easily be shattered by army gunfire — especially with huge protests planned for Wednesday near the presidential palace. Andri Galhawi, a 22-year-old engineering student at the University of Indonesia, pulled aside a visitor amid the raucous speech-making in the House chamber.

"We don't want violence," he said with quiet intensity. "We need to persuade the army of our moral force."

BRIEFLY

Airport Expansion Advances in Tokyo

TOKYO — The long-stymied expansion of Japan's single-runway Narita airport moved a step forward Tuesday with the sale of land needed for a second runway by a farmer who had opposed the project for decades.

An airport construction official said that Naokatsu Ogawa, 53, agreed late Monday to sell 1.6 hectares (3.9 acres) to Narita airport authorities, but the price was not disclosed.

His cousin Kuniaki, 57, is negotiating with the authorities for the sale of his own 3.2 hectares, the official said.

The only major holdouts now are two farmers whose six hectares of land stand in the way of a second runway for Narita, one of the most congested airports in the world. (Reuters)

Hong Kong Court Convicts Dissidents

HONG KONG — In the latest case that activists say tests Hong Kong's tolerance of dissent, a court Tuesday convicted four protesters of assaulting and obstructing police.

Outside the courthouse, about 20 members human rights activists protested the verdict. Some painted their faces with crosses and question marks to show their anger.

The protesters shouted and waved banners saying: "Police have too much power. People have no human rights."

Activists claim the arrests of the four were politically motivated and aimed at stifling dissent. But Magistrate Richard David Donald ruled the police were only protecting public order. The four were fined between \$100 and \$385. (AP)



Army tanks guarding buildings in Jakarta's financial district on Tuesday, a day ahead of a planned mass protest.

opaque will suffer now in a way different from the 1970s and '80s," Mr. Han added. "These countries used to be able to get away with it. Now they can't."

The problem for the governments like Indonesia's was that they operated under an implicit social contract: leaders promised to make people wealthy and, in exchange, citizens allowed the leaders to rule largely without check and to enrich their families and acquaintances. But the financial crisis meant that the governments failed to deliver the goods, and this failure shattered the basis for the rule of people like Mr. Suharto.

This does not mean that revolutions

are going to sweep across Asia. But even in countries like Malaysia, where the government remains firmly in control, the links between government and business are eroding.

"The whole basis of cronyism — the awarding of contracts without bidding, the amassing of huge wealth — all this will be affected by the economic crisis," said Muthiah Alagappa, a Malaysian scholar at the East-West Center in Honolulu.

More broadly, the Asian crisis has changed the intellectual basis for the discussion of national policies. It used to be widely accepted in China and other

Asian countries that authoritarian systems created stability and thus promoted economic growth. But now few people accept that trade-off and nobody talks much about the "Asian values" that supposedly emphasized a preference for order over freedom.

"The crisis has dealt a blow to what was fashionably presented as the 'Asian model' — an autocratic, highly concentrated, command model," said Ambassador Yang.

"At a minimum, most people now will want to have their voices heard and taken seriously and have some degree of participation in decision-making."

SUHARTO: An Offer Rejected

Continued from Page 1

Suharto said, looking relaxed and smiling benevolently. "I do not feel the honor of being a simple citizen is any less than the honor of being president. Let me not stand in the way of the desires of our people."

He then promised to set up a new "reform council" that would draw up plans for new elections to be held "as quickly as possible."

The Parliament elected at that time would choose the country's new leadership. But Mr. Suharto gave no specific timetable for the transition, and said that "at the moment, I remain president."

He said he planned to name a new "reform cabinet" to help him begin carrying out needed changes.

Many at first viewed Mr. Suharto's startling resignation pledge as momentous, bringing an end to an era that began 32 years ago when the former general took over against the backdrop of similar economic and political turmoil. Some analysts said his proposal for a stage-managed resignation, and his insistence on adhering to the constitution, were aimed at both allowing him a graceful, face-saving exit while leaving him some say in choosing his successor and enough time to guarantee that his family's considerable business interests are protected.

[Mr. Suharto's comments spurred a recovery in Indonesia's currency, the rupiah, and on the Jakarta Stock Exchange, Bloomberg News reported.]

[The dollar fell to 12,250 rupiah in Jakarta, from 12,700 rupiah on Monday, while the benchmark stock index jumped 6.4 percent, to 413.82 points. Companies with links to Mr. Suharto, like PT Bimantara Citra, controlled by Bambang Trihatmodjo, a son of Mr. Suharto, rose on the view that the president had bought time with his concession.]

Salim Said, a political scientist and a specialist on the Indonesian military, said Mr. Suharto's proposal was "the best thing we can have now — the maximum we can have — so nobody loses face."

"This shows you that Suharto is still a great politician," he added. "We were about to write the requiem for Suharto. But he has found a way out that to most reasonable people is the maximum we can achieve."

"He really wants to leave in a graceful way," Mr. Said said, "and the only way he can do that is the compromise he recited this morning."

Juwono Sudarsono, an academic who joined the cabinet as environment minister in March, said that under the plan, Mr. Suharto would be out of office by the end of the year. Mr. Juwono, in a television interview, said Mr. Suharto was trying to balance two conflicting interests: "On the one hand, the students want him to resign immediately. On the other hand, the armed forces want to have a gradual and constitutional change."

He said there were fears that a quick resignation "would lead to greater chaos and disintegration of the nation."

But to the growing number of Suharto critics — including the students on the streets and the opposition politicians trying to harness the popular discontent — the president's plans for a "managed" transition were viewed with suspicion.

His opponents sensed they had now seized the momentum in Indonesia's ongoing political drama, and on Tuesday their demands appeared to harden: They would accept nothing less than the immediate resignation of both Mr. Suharto and his vice president, B.J. Habibie.

"The problem with his statement was he just kept going around in circles," said Indra Goenawan, 20, a student at Jakarta's medical technical academy. "We just want the president to step down — there shouldn't be any problem with that."

The students have taken the lead in the opposition, often leaving politicians trying to keep up.

Mr. Rais, who heads the country's second-largest Moslem organization, Muhammadiyah, with 28 million members, said Mr. Suharto was "full of illusions and hallucination" for thinking he could stay in place to manage the transition. "He will be defeated very soon," said Mr. Rais, taking an uncompromising stance. "He does not know what is going on in his own society."

Mr. Rais repeated his vow to bring a million people onto the streets of Jakarta and other major cities on Wednesday, the anniversary of the birth of Indonesia's nationalist movement against Dutch colonial rule. To ease fears about a leadership vacuum in the country should Mr. Suharto step down immediately, Mr. Rais offered himself as a candidate for president, saying, "I'm more than willing to replace him."

Emil Salim, a former cabinet member, also mentioned as a possible president, was equally critical of Mr. Suharto's proposals. "The whole time frame is so dubious — it could be short or it could be two years," Mr. Salim said. "The dubious time frame creates this uncertainty. Uncertainty is the exact reason we have this economic and political crisis."

Some analysts said Mr. Suharto now appeared to be a victim of more than three decades of his own aloof style, and a presidency that largely sustained itself on political intrigue, secrecy and the Machiavellian manipulations of opponents real and imagined.

"There's so much logic to what he is saying, but there's so much information missing," said a Western diplomat. "There's a history of misinformation — you can't ignore that," he said.

"I'm highly cynical," the diplomat added. "I think it's a trick. I think he just wants to keep the cards that he's got — stay in for a period, and manage a process that lines up his people. He's never quit, never run. In every spot he's been in, he's come up with a solution that's involved multiple deceptions."

Pointing to Indonesia's backsliding on various terms of the bailout negotiated with the International Monetary Fund, the diplomat added, "What is all boils down to is, Do you trust what this guy is saying?"

EUROPE

For U.S., Sanctions Are Two-Edged

By Thomas W. Lippman
Washington Post Service

WASHINGTON — The Clinton administration's deal with the European Union resolves a long and tense dispute over the U.S. effort to use the threat of economic sanctions to force Europeans to follow U.S. policy toward Iran and Cuba, but it still leaves the administration wrestling with Congress on the use of sanctions as a foreign policy tool.

President Bill Clinton signed both pieces of legislation that touched off the dispute — the Helms-Burton Act, on Cuba, and the Iran-Libya Sanctions Act — only to be hampered by the laws he sought ways to avoid imposing sanctions called for by the measures.

Congress has authorized or mandated an array of sanctions against dozens of foreign countries over human rights, weapons proliferation and the environment. More sanctions are in the works as Congress considers measures to penalize Russia for its transfer of weapons technology to Iran, and to punish countries accused of persecuting religious minorities.

Sometimes the administration finds these laws useful, as it did last week in

imposing sanctions on India for testing five nuclear weapons. But more often, it seems, the administration has multiple reasons why the sanctions would do more harm than good.

Such was the case with the decision not to impose sanctions on three major international oil companies that have signed a contract to develop an offshore natural-gas field in Iran, senior officials said Monday.

Secretary of State Madeleine Albright ruled that the deal involving Total SA of France, RAO Gazprom of Russia and Petronas Bhd. of Malaysia met the criteria for sanctions. But the administration, over protests from senior members of Congress, waived the penalties to avoid a trade war with Europe and prevent a split with Russia.

Sanctions would not have blocked the deal anyway, Mrs. Albright said, so the price to be paid in relations with Europe and Russia was not worth it.

The U.S. undersecretary of state for economic affairs, Stuart Eizenstat, who negotiated the deal with the European Union announced Monday, is running an administration-wide effort to develop a consistent sanctions policy. At a minimum, he said Monday, any sanc-

tions voted by Congress should give the president the waiver authority he used Monday in the Iran case.

The waiver authority we exercised here was built into the statute, and we think we have used it to accomplish basic purposes of the act — to gain increased European cooperation in fighting Iranian-sponsored terrorism, Mr. Eizenstat said. "When you have automatic sanctions with no room for flexibility, it can sometimes prevent you from accomplishing the very purposes the act intends."

The commitments by Europe and Russia to tighten their weapons proliferation rules and Europe's agreement to deny all forms of government assistance to companies investing in confiscated property in Cuba would not have been possible if U.S. negotiators had not been able to hold out the prospect of sanctions waivers, senior officials said.

Congress finds mandated sanctions a relatively painless way to make a statement about developments abroad, such as in Iran. But the White House considers that its ability to make foreign policy requires a free hand to impose sanctions when it wishes, as it did on Burma for its human rights record.

In addition, the White House is under constant pressure from business groups to avoid or waive sanctions, which often cut U.S. companies out of opportunities available to foreign competitors.

Senior administration officials acknowledged that the agreement Monday with the Europeans would have exactly that effect. Mr. Clinton has already barred U.S. companies by executive order from doing any business with Iran, while the terms of his agreement with the European Union leave European energy companies such as Total free to pursue investment opportunities there.

"Granting this waiver does not mean we support this investment," Mrs. Albright said of the Total-Gazprom-Petronas contract. "We do not. In fact, we made vigorous efforts to stop it, including representations at the highest levels of the governments involved."

U.S. Needs to Make 'Effort'

The agreement between the EU and the United States over trade restrictions lays the basis for the settlement of differences, but the United States must make a bigger effort, an official in the office of Sir Leon Brittan, the European trade Commissioner, said Tuesday, Agency France-Press reported from Brussels.

The agreement protected European companies and individuals from the effects of the Helms-Burton and the Iran-Libya Sanctions Act and removed a "subject of irritation" between the two sides, the official said.

But if Congress refuses to approve the exemptions from the Helms-Burton Act, the agreement will be invalid, he said. "The Americans must make a bigger effort," he added.

Castro Faults EU Accord With U.S. on Sanctions

Compiled by Our Staff From Dispatches

GENEVA — President Fidel Castro of Cuba condemned Tuesday the agreement reached between President Bill Clinton and European leaders to ease U.S. restrictions on multinational companies doing business with Cuba.

The agreement was "unclear, contradictory and threatening for many countries, as well as being unethical," Mr. Castro said in a speech to the World Trade Organization, which is celebrating 50 years of the global trading system.

"The WTO should be capable of preventing economic genocide," said the Cuban leader.

"The countries of the Third World have been losing everything," he

charged, while the United States has been imposing its will. Speaking of the WTO, he said, "We must convert it into an instrument of struggle for a better and more just world."

He said that industrialized countries should follow the example of Norway in giving generous development assistance to the world's poorest countries. Under the agreement reached Monday in London, the United States will grant permanent waivers to the 1996 Helms-Burton Act, which imposes U.S. sanctions against foreign companies that do business with Cuba.

In exchange, members of the 15-nation European Union agreed to help establish a global registry of property confiscated by Cuba and other governments that will remain off-limits to investors.

Mr. Castro put the cost of the 37-year U.S. economic embargo against his country at \$60 billion. Any settlement of differences between the United States and the European Union should not come at the expense of Cuba, he said. Such a settlement "would be an inconceivable dishonor for Europe."

The Europeans challenged Washington's sanctions before the WTO in 1996. Last spring, they decided to suspend their case for a year to allow for a negotiated settlement. (AP, Reuters)

Montenegro Will Not Recognize New Government of Yugoslavia

Reuters

PODGORICA, Montenegro — The Parliament of Montenegro voted Tuesday not to recognize a new Yugoslav government headed by the Montenegrin opposition leader Momir Bulatovic.

Mr. Bulatovic was named as prime minister Monday by the Yugoslav president, Slobodan Milosevic, after Mr. Bulatovic engineered the ouster of Prime Minister Radkoje Kotic in the Yugoslav Parliament. Montenegro has said that the removal of Mr. Kotic was illegal.

Political sources said the confrontation between Mr. Milosevic and his reformist foes in Montenegro could destroy the legitimacy of the federal government and lead to the final breakdown of the Yugoslav federation. Yugoslavia has been made up of Montenegro and Serbia since the secession of four other republics in 1991-92.

Mr. Bulatovic, a Milosevic ally, is the chief rival of the Montenegrin president, Milo Djukanovic, in May 31 parliamentary elections in the southern republic. Mr. Milosevic's federal power base would be undermined by a Djukanovic victory, which would give Mr. Djukanovic control over the nomination of Montenegro's delegates to the upper house of the federal Parliament.

Mr. Djukanovic's governing coalition in Montenegro accused Mr. Milosevic of handing Mr. Bulatovic an unfair advantage in the tightly fought parliamentary elections and of setting the scene for the declaration of a state of emergency in case Mr. Bulatovic lost.

In the capital of Montenegro, Podgorica, Mr. Djukanovic told supporters Monday that the decision to remove Mr. Kotic was "a blow against all of us," adding, "This is an act of breaking up Yugoslavia."

BRIEFLY



TO THE STREETS — About 3,000 demonstrators marching Tuesday in Paris in protest of planned layoffs at Credit Lyonnais banks.

Germany Pardons Red Army Terrorist

FRANKFURT — A month after the terrorist Red Army Faction said it was disbanding, Germany announced Tuesday it was pardoning a member convicted in a 1981 U.S. air base bombing but who later called on the leftist group to dissolve.

Helmut Kohl, now 54, began a life sentence in 1986 for his role in the bombing of Ramstein Air Base, which wounded 18 Americans and two Germans. Mr. Kohl was considered a leader in the leftists' campaign to destabilize capitalism by targeting the U.S. military and Germany's government and industry, but in 1996 he wrote from prison urging the group to disband.

Mr. Kohl cited deteriorating health and a desire to be with his family when he applied to President Roman Herzog for the pardon in January 1997. (AP)

Israeli Cautions EU

TEL AVIV — Prime Minister Benjamin Netanyahu said Tuesday that the European Union would deny itself a role in Middle East peacemaking if it boycotted imports from Jewish settlements in the occupied territories.

"That will put an end to any attempt of the European Union to have any kind of facilitating role in the peace process," Mr. Netanyahu said.

Last week, the European Commission called for the European Union to stop any imports from Israeli settlements in the occupied territories that benefited from trade privileges granted to Israel.

Israel rejected the call, which would go into effect only if approved by EU ministers. (Reuters)

Invitation for Ankara

ANKARA — Britain's foreign secretary, Robin Cook, asked Turkey on Tuesday to keep formal channels to the European Union open despite anger at being left out of Europe's eastward expansion.

Mr. Cook, whose country holds the

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Kohl Uses 'Red Scare' to Rally Faithful

Compiled by Our Staff From Dispatches

BREMEN, Germany — Helmut Kohl sent his Christian Democrat Union onto the campaign trail on Tuesday with the message that the opposition Social Democrats would turn Germany sharp left.

"The politics of the center or a leftist republic," Mr. Kohl said was the choice facing voters on Sept. 27.

"We have to do everything to stop people like these winning the election," Mr. Kohl said in a closing speech to a two-day election conference for his party.

Mr. Kohl frequently invoked the specter of communism during the conference in an attempt to steer the party out of the electoral doldrums. Mr. Kohl's center-right government has fallen by as much as 10 percentage points behind the Social Democrats in the latest opinion polls.

The chancellor, 68, tried to fire up the party faithful by saying that only they had a clear strategy for leading Germany into the 21st century.

"They say the old war-horse is still there. I don't mind that," said Mr. Kohl, who has quashed party debate about whether he should run for a record fifth term against Gerhard Schröder, the Social Democrats' 54-year-old challenger.

Mr. Kohl said the election program approved by the conference offered Germany's 60 million voters a clear choice.

"Economic recovery and new jobs or throwing away the future; dependability and stability versus insecurity and loss

of international confidence," he said. A red-green alliance of the Social Democrats and the ecologist Greens, backed by the reformed communist party of Eastern Germany "would destroy everything we have built," Mr. Kohl said.

The chancellor said the party was "building the bridges to the 21st century for our fatherland, and for Europe."

He did not directly attack Mr. Schröder. That task fell to his designated successor, Wolfgang Schäuble.

"Newspaper editors don't know whether they should send political correspondents or theater critics to cover Schröder," said Mr. Schäuble, the Christian Democrats' parliamentary leader, in an unusually personal assault on Mr. Schröder.

"Schröder's now even appearing in real TV soap operas," said Mr. Schäuble, referring to a recent cameo appearance that Mr. Schröder had made. "He's unable to hold a discussion for more than the length of a TV soundbite. He's devoid of any more content than that."

Mr. Schäuble also picked up the "red scare" theme, accusing Mr. Schröder of failing to stop the Social Democrats in the state of Saxony-Anhalt from moving toward the reformed communists. He called Mr. Schröder weak for allowing the party to form a minority government with the Party of Democratic Socialism, the heirs of the rulers of the former East Germany.

He criticized Mr. Schröder for mak-

NATO Weighs A Task Force For the Border Of Albania

Agence France-Press

BRUSSELS — NATO military chiefs are considering sending from 7,000 to 20,000 troops to protect Albania's northern border from possible unrest in the Serbian province of Kosovo, alliance sources said Tuesday.

The military chiefs will present three security plans, outlining the minimum, intermediary and maximum measures of protection needed in the region, to a meeting of NATO ambassadors on Wednesday.

No decision has yet been made on whether to send troops to Albania, but the North Atlantic Treaty Organization has for the past 10 days studied various military options to help protect Albania and Macedonia, countries bordering the southern Serbian province.

The military advisers' recommendations will be presented at a meeting of NATO foreign ministers on May 28 in Luxembourg.

The goal is to provide the countries concerned with a "toolbox" of measures to stave off unrest that could flare up in volatile Kosovo, where 90 percent of the population is ethnic Albanian.

The military chiefs said the densely forested terrain along the mountainous border and the lack of infrastructure made it impossible to consider sending more than 20,000 troops. Last year, European countries sent about 5,000 troops to Albania under Italian command to successfully stabilize the country, which was on the brink of civil war.

Sources said Italy and several Scandinavian countries had indicated that they would be ready to take part in a NATO-led peace force in northern Albania.

Other measures being considered include organizing maneuvers in Albania, supplying the Albanian Army with transportation and communication and transforming a Macedonian training ground into a permanent Allied troops camp.

Russia Puts Off START-2 Debate

The Associated Press

MOSCOW — Parliament, which has shown little enthusiasm for cutting Russia's nuclear arsenal, has postponed discussions on the START-2 arms-control treaty until September, a legislator said Tuesday.

Closed-door hearings had been scheduled to begin June 9 but have been put on hold for about three months, Alexei Mitrofanov, the lawmaker, told Russian news agencies. He is an ultranationalist who heads one of several committees in Parliament expected to consider the treaty.

START-2, which would cut the Russian and American nuclear arsenals to 3,500 warheads on each side, was signed in 1993 and ratified by the U.S. Senate in 1996.

President Boris Yeltsin has been urging the State Duma, the lower house of Parliament, to take quick action, but lawmakers have been resisting.

The Communists and nationalists who dominate the Duma fear that reducing Russia's nuclear arsenal would further weaken the country's security when its conventional forces are weak. But Russian military leaders have spoken in favor of ratification.

They say that by 2007 — the treaty's deadline for destroying weapons — Russia's

intercontinental ballistic missiles with multiple warheads would be at the end of their service lifetime anyway.

Meanwhile, the Foreign Ministry said Russia had strengthened export controls to guard against the unauthorized export of weapons or weapons technology.

"The controls have been considerably strengthened over the past few months at the instruction of the Russian president," Vladimir Rakhmanin, a spokesman for the ministry, was quoted as saying by Interfax.

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INTERNATIONAL

Is Israel Still Under U.S. Pressure? Maybe Yes, Maybe No, but It's Quiet Now

By Barton Gellman
Washington Post Service

WASHINGTON — Two weeks ago in London, Secretary of State Madeleine Albright staked out a groundbreaking stance of open pressure on Israel, stating that the Clinton administration would "have to re-examine our approach to the peace process" if Prime Minister Benjamin Netanyahu did not accept a U.S. proposal to advance Israeli-Palestinian talks.

The combination of threat and deadline — she named a May 11 meeting at the White House as the occasion for Mr. Netanyahu's reply — announced a new element of power politics in the administration's relationship with Israel.

But the results, including the canceled meeting, have thus far been a muddle and the gambit itself now appears to nearly every interested party to have been withdrawn.

Monday, as Mrs. Albright came full circle to the London hotel where she first tried to force a decision on Mr. Netanyahu, her tone could hardly have been more changed. Inside a plush suite at the Churchill Hotel, according to U.S.

and foreign sources with direct knowledge, she tried to sell Yasser Arafat on "refinements" to the American plan that would make it more palatable to Israel.

Outside, for public consumption, a secretary known for her bluntness smothered any sense of urgency in the rhetoric of "good, constructive talks." The reason for her meeting, she said, was merely that "it's important to stay in very close touch."

Interpretation of this two-week journey is complicated because the outcome is not yet written and because of the many faces of the administration's self-portrait at a pivotal moment in its stewardship of Middle East policy.

Officials directly involved in the policy, speaking to reporters, interest groups and allied diplomats, have made various explanations that together resemble the courtroom lawyer's tactic of arguing in the alternative: that there never was an ultimatum; that the ultimatum had not been abandoned; and that if it has been abandoned, it was for good reasons of state and strategy, not politics.

In their public, on-the-record discourse, Mrs.

Albright and those speaking with her authority have removed every hint of confrontation, returning to a more comfortable role of consensus-builder and Israel's faithful friend.

Mrs. Albright described the American proposal in a speech last week "as suggestions, not as an ultimatum" and authorized Ambassador Edward Walker to say the following to the American Israel Public Affairs Committee's senior leadership Sunday night: "If in the end Israel cannot accept our ideas, we will respect that decision. And it will not affect our fundamental commitment to Israel by a single jot or tittle."

The most authoritative statements of policy, delivered on condition of anonymity, hold that despite appearances, the administration remains committed to the new course it set in London two weeks ago. The underlying threat to Israel — deliberately vague, but understood to include publication of the American plan and a declaration that active mediation is at an end — remains alive in the minds of Mrs. Albright and the president, by the accounts of those speaking for them.

Mrs. Albright, a high-ranking official said, "will be the first one to pull the plug" if she concludes there is no further prospect of Israel's agreement. She believes, however, that the pressure of time and consequences already has moved Mr. Netanyahu a good distance from his positions of two weeks ago.

"We will know in a matter of days whether this dynamic is working," the official said. "Just because you are not hearing a lot publicly at the moment, I can assure you, has nothing to do with what is going on behind the scenes. It is fair to say we have adjusted our modus operandi in order to get the result, but we have not done anything to change our ideas or to water them down in any way, shape or form. If it's not real, we'll make that clear, I assure you."

There was no way to judge that account independently, since complete knowledge of the diplomacy is limited to President Bill Clinton, Mrs. Albright, Samuel Berger, the national security adviser, and Dennis Ross, the special envoy who is famous in the State Department for writing cables seldom and disclosing little.

But by Monday, the underlying ultimatum, a

deliberate if softer evocation of Henry Kissinger's threat in 1975 to reconsider the U.S.-Israeli relationship, carried little credibility among Israeli government officials, American Jewish leaders, European and allied Arab diplomats and Palestinians.

"The United States has climbed down from the ultimatum, absolutely," said Abraham Foxman, national director of the Anti-Defamation League and one of Mrs. Albright's closest contacts in the Jewish community.

A senior British official described his government as "suspicious that they're gradually letting the thing die down."

The French, who have held back for months, judged Monday a good day for President Jacques Chirac to issue a public call for a new international peace conference that the Clinton administration has long opposed. In a stronger sign of the times, President Hosni Mubarak of Egypt — who just last week received Mr. Clinton's written assurance that he would not let Israel drag out a decision on his proposal — stood next to Mr. Chirac in Paris and joined in his call.

Pakistani Assails India For 'Aggressive' Turn

By Kenneth J. Cooper
Washington Post Service

NEW DELHI — Prime Minister Atal Bihari Vajpayee said Tuesday that India, emboldened by its display of nuclear might last week, had threatened to attack the Pakistan-controlled part of the disputed Himalayan territory of Kashmir.

Mr. Vajpayee's accusation represented his interpretation of tough remarks made Monday in New Delhi by the cabinet minister in charge of domestic security.

Home Minister L.K. Advani had urged Pakistan to "realize the change in the geostrategic situation in the region" and warned Islamabad against trying to intensify a separatist Muslim insurgency in the India-controlled part of Kashmir.

India and Pakistan have fought two wars over Kashmir since 1947, and the continuing territorial dispute last year stymied the most recent round of bilateral talks aimed at easing their mutual hostility.

For Pakistan, Kashmir has been a central and emotional issue because the Islamic republic was founded a half century as a haven for the Subcontinent's Muslims from Hindu domination. Across the border, India sees retention of its only Muslim majority state as an expression of the nation's secular constitution.

That Mr. Vajpayee heard provocation in Mr. Advani's remarks — which were remarkable only because they closely followed five underground nuclear tests by India — indicated how much tensions have risen in the region in a week and how Pakistan's insecurity in face of its larger neighbor has fueled an arms race that threatens to turn into a nuclear Cold War as Mr. Vajpayee decides whether to match India's testing.

"You must have heard today that they are discussing their aggressive designs toward Kashmir," Mr. Sharif said in a speech broadcast nationwide. "By grace of God, we are prepared for any trial, and the whole world knows that Pakistan has the ability to defend itself."

Mr. Sharif called Mr. Advani and other Hindu nationalists who lead the coalition government in India "fanatic fundamentalist rulers" who "would not hesitate to cross the last threshold of aggression." He accused Mr. Advani of making "a very serious threat to Pakistan."

Some representatives of Bharatiya Janata Party, which leads the New Delhi government after decades as a minor opposition party, appeared surprised by Mr. Sharif's strong reaction and tried to downplay Mr. Advani's comments.

But other party leaders continued the tough talk.

"We want to tell Pakistan enough is enough now and we will not tolerate any more interference" in Kashmir, Tourism Minister Lal Madan Khurana said in Srinagar, summer capital of Jammu and Kashmir state.

At the party's regular briefing here in the capital, a spokesman urged "stern action" to "convey the message across the border that the Indian government will not take anything lying down."

Mr. Sharif appeared in his speech to be preparing his nation for economic sanctions by the United States, Japan and possibly other countries if Pakistan proceeds with a nuclear test.

"As far as sanctions are concerned, we are already used to them. We are not going to be afraid of them," Mr. Sharif said in an apparent reference to a U.S. aid cutoff in 1990, when President George Bush declined to certify that



Information Minister Mushahid Hussain, left, with Mr. Sharif on Tuesday.

Pakistan's nuclear program was only for peaceful purposes.

Islamabad Team Leaves Beijing

John Pomfret of The Washington Post reported from Beijing:

A team of Pakistani diplomats and military officers left China on Tuesday following three days of talks that focused on India's recent move to detonate five nuclear devices last week and, Asian diplomats said, Pakistan's search for security guarantees from Beijing.

Foreign Secretary Shamsah Ahmad returned to Islamabad after discussing "recent developments" in the region with Foreign Minister Tang Jiaxuan of China, a Pakistani Embassy spokesman said.

A Chinese Foreign Ministry spokesman, Zhu Bangzao, told reporters that Chinese and Pakistani officials had "held an extensive exchange of views on international questions and relevant regional security questions."

Neither spokesman said whether Pakistan had requested specific assurances from China that it would support Islamabad in the event of an Indian attack or more Indian tests.

Asian diplomats in Beijing said the Pakistani delegation had expressed specific concern about alleged Indian threats to attack Pakistani-held portions of Kashmir. The delegation also discussed with China a series of possible responses to the Indian decision to detonate the nuclear devices, the diplomats said.

It was unclear whether China was actively trying to persuade Pakistan not to detonate its own nuclear device. Regardless, the visit underscored Beijing's close ties with its smaller western neighbor and its increasingly important role in the precarious South Asian region where stock markets are crashing in both Bombay and Karachi under the specter of a destabilizing arms race.

When asked by reporters if China intended to dissuade Pakistan from conducting its own nuclear test, Mr. Zhu accused India of undermining international efforts to ban nuclear testing.

"The overriding issue for the international community is to concentrate on adopting a decisive and clear-cut position against India to prompt it to give up its nuclear program," he said.

ISRAEL: A Profile in Self-Destruction

Continued from Page 1

were accurately transcribed and that Mr. Bar-Ilan was aware that he was jotting them down for the record.

"I took very careful notes which he could see," Mr. Remnick said. "If it causes him difficulty and pain, I'm sorry, but the fact of the matter is that it was an interview and he did say those things."

Shai Bazzak, a top Netanyahu aide, said that it was "ridiculous" to think that Mr. Bar-Ilan could make such remarks.

"We think that Mrs. Netanyahu is very nice, intelligent, and works very hard for the underprivileged as well as helping her husband and bringing up their children. We are full of nothing but admiration for her."

But other associates say Mrs. Netanyahu has long been regarded by her husband's staff as a bull who carries her own china shop with her. Last year, she threw a tantrum while being interviewed on Israeli television and accused Knesset members of making passes at her.

She designated Sonia Peres, the wife of Shimon Peres, Israel's previous prime minister, as someone who was so poorly educated that her main interests consisted of washing dishes and playing cards.

Mr. Remnick also quotes Mr. Bar-Ilan as saying that Mr. Netanyahu, 48, compounded his image problems by going on television to confess marital infidelities and to accuse members of his party of using "Mafia methods" in trying to sabotage his career by publicizing his philandering.

"Finishing his being secular was nothing compared to other things, like adultery," Mr. Bar-Ilan said. "One thing is to have an affair with a shiksa," a gentle woman, "but a married woman!"

He goes on to lament that Mr. Netanyahu, who is known for being one of Israel's least religious politicians, may stage public shows of repentance on Jewish holy days "but he's not fooling anyone."

Much of the article depicts Mr. Netanyahu as an arriviste politician who is

despised in his own political camp. Yitzhak Shamir, a former prime minister and like Mr. Netanyahu a member of the Likud party, says that Mr. Netanyahu may be talented and successful in achieving high office at a relatively young age, but that he has few friends and that even fewer people believe he has any principles.

"He's not a man who deserves one's trust," Mr. Shamir is quoted as having said. "His ego is too inflated. I personally have no connection with him. He's not a very popular man."

"I wouldn't say that he's admired. I don't think he believes in anything."

At a press conference after he returned from Washington on Monday, Mr. Netanyahu was uncharacteristically tight-lipped when asked about The New Yorker profile. "This is just gossip and we do not deal with these things," he said.

While Mr. Bar-Ilan still hopes to maintain his status as a loyal member of the prime minister's inner circle of policy advisers, Mr. Netanyahu declined to express confidence in his adviser.

And when the prime minister and his wife flew home aboard Israel's version of Air Force One, Mr. Bar-Ilan's name had been stricken from the passenger list.

MEXICO: U.S. Indicts 3 Banks

Continued from Page 1

from U.S. sales each year, much of which finds its way to traffickers in Mexico and Colombia. But senior law enforcement officials said the case provided the best view U.S. officials have yet had into the increasingly sophisticated world of drug-related money laundering.

The Mexican bankers allegedly worked on behalf of the Juarez cartel in Mexico and the Cali cocaine and heroin syndicate in Colombia, officials said.

U.S. authorities arrested 70 people over the weekend, including 14 Mexican banking officials. About \$35 million was seized and an additional \$122 million is expected to be recovered from more than 100 bank accounts frozen in the United States and Europe, officials said.

Most of those arrested were lured to either Las Vegas or Los Angeles by undercover agents who offered to show them new ways to launder money through casinos and promised them dinner and a big party, senior law enforcement officials said.

No U.S. banks or citizens were indicted, and U.S. officials said that Mexican officials had not been informed of the operation. Ms. Reno said that she and other senior U.S. officials had contacted their Mexican counterparts Monday to tell them of the operation and that the Mexican government had promised its "full cooperation."

Money laundering is the process whereby criminals take their illegal proceeds and put them into the financial sector in different ways so the money appears to have a legitimate origin. For their services, law enforcement officials said, the banks received a cut of 4 percent to 5 percent of the money deposited.

In this case, officials said, drug traffickers would collect the drug money off the streets in the United States, and undercover agents would then deposit the money into accounts in Los Angeles. The money was then transferred by wire and accumulated in Mexican bank accounts, where bankers allegedly were aware that the money had come from drug trafficking.

Mexican bankers then issued bank drafts under fictitious names and mailed or hand-delivered the drafts to undercover agents in Los Angeles, who re-deposited the money into the accounts. Because the money appeared as "clean" deposits from Mexico, it could be wire-transferred or hand-delivered to drug traffickers in Mexico.

Mr. Rubin said that the banks indicted were Bancomer, Mexico's second-largest bank; Banca Serfin, the country's third-largest bank; and Confia, which is among the top 20 banks.

Carlos Gomez, president of the Mexican Bankers Association, said, "These are operations from some employees and officials acting in an individual way, and it doesn't represent any systematic operations of the banks themselves."

In addition to the indictments, the Federal Reserve announced it had issued temporary "cease and desist" orders suspending the U.S. operations of the three banks that were indicted, as well as those of Banco Nacional de Mexico, or Banamex, Mexico's largest bank; Bital, the country's fourth-largest bank; and Banco Santander, the fifth-largest Mexican bank.

The banks have "serious deficiencies in their anti-money laundering programs," according to a statement by the Federal Reserve.

Russian Stocks Rebound After Key Rates Hit 50%

Compiled by Our Staff From Dispatches

MOSCOW — Stock prices rebounded Tuesday after the central bank raised key interest rates to 50 percent, reassuring investors that it would protect the ruble.

The Russian Trading System index of leading stocks rose 3.94 percent, to 236.58 points, after falling almost 12 percent Monday. The benchmark index is down 44 percent so far this year.

The central bank has indicated it will defend the ruble at all costs, and the market is taking comfort from that, said Martin Diggel of the Brunswick brokerage.

He added that a rebound in Indonesia was having a small impact but stressed that the Russian market was "taking on more of a momentum of its own."

Bond yields, symptomatic of the persistently high interest rates that are crippling the Russian economy and saddling the government with ever higher debt repayments, were averaging around 50 percent, traders said, though some investors were returning.

"The mood is quite optimistic," said Maxim Safonov of Internationale Nederlanden Groep NV. "It's a bit early to judge, but definitely there is a cash inflow."

The central bank raised its key refinancing rate, the rate at which it lends to the banking sector, to 50 percent to halt the exodus of foreign capital from Russian markets.

Riots in Indonesia prompted investors to pull out of higher-risk emerging markets. While President Suharto's decision to call elections and step down bolstered the Jakarta stock market Tuesday, investors remain concerned about the health of Russia's finances, traders said.

The government has promised to rein in spending and decrease the amount of short-term debt it sells.

"People want to see solid proof that the new government is doing something," said Victor Pitalov, a trader at MFK-Renaissance in Moscow. "The government's quick-fix programs sound cliché. People want to see concrete results."

"Whenever you have rising interest rates, it's not good for markets, and it's not good for earnings," said Richard Saler, head of international investments at Lexington Asset Management in New Jersey. "It's clearly very negative."

Clearly, the Russian economy is un-

der stress because of the Asian crisis, plus the fact Russia is an economy that's especially sensitive to commodity prices, particularly oil."

Falling oil prices, down about 28 percent from a year ago, have slashed profits for Russian oil producers, which rely on exports for hard currency earnings. Oil and gas exports make up one-half of Russia's export earnings.

OAO Lukoil-Holding, the second-largest Russian oil producer after the merger of AO Yukos and AO Sibneft, rose 73.6 kopecks to 74.37 rubles (\$12.10) after falling 17 percent Monday. Lukoil's share price has dropped 48 percent so far this year.

(AFP, Bloomberg)

ULSTER: Northern Ireland Looks to Business Boom in South

Continued from Page 1

future as part of a wider Europe have fostered a striking degree of self-confidence. Polls suggest voters in the Republic will overwhelmingly endorse the peace agreement and the dropping of Ireland's constitutional claim to the North in a referendum on Friday, even if they adhere to Irish unity as a long-term goal.

"Suddenly, the South has a dynamic, modern economy and that is bound to have an effect on the way people think in the North because the old myths can't be maintained," said Tom Russell, an Irish diplomat who serves as joint managing director of the International Fund for Ireland.

The Confederation of Business Industry in Northern Ireland, the province's main business lobby, stressed the potential economic benefits of greater foreign investment in tourism and manufacturing as well as more North-South trade when it endorsed the peace agreement last week.

Since a cease-fire by the Irish Republican Army gave life to the process in 1993, trade between the Republic and Northern Ireland has grown by 55 percent, to 1.74 billion Irish pounds (\$2.45 billion) last year and generated some 2,500 jobs in the North. Traffic on the Dublin-Belfast rail line has quadrupled to a projected 1 million passengers this year, and should get a boost when a 50 million punt upgrade cuts the

travel time by 30 minutes, to 1 hour 35 minutes next year.

"That shows the potential there is," said Nigel Smith, the confederation's director. "People in the South have been frightened to come up here and do business in the North. It's starting to break down the divide for them to realize this is a normal place."

It is far from clear that the new North-South relationship will translate into a "yes" vote in Northern Ireland, particularly among Unionists. The extremists on both sides of the North's religious divide share an almost tribal antagonism and suspicion of their opposite numbers, something that is not very susceptible to the appeal of new contracts or an additional percentage point or two of GDP growth.

"Economic linkages are not the people's primary concern," said Dermot Nesbitt, who helped negotiate the agreement of the Ulster Unionist Party.

"They're worried about Gerry Adams in government," he said, referring to the leader of the Irish Republican Army's political wing, Sinn Féin.

Still, Mr. Nesbitt said the prospect of economic gains and fresh investment could help swing some undecided voters to the "yes" camp.

Sir George echoed the hope. "There's no doubt that as people get to know each other without a political agenda, people establish more normal relationships," he said. "Stereotypes start to fall away."

Alan Campbell, an auditor from the

Sosuke Uno, 75, Dies; Led Japan 69 Days

The Associated Press

TOKYO — Former Prime Minister Sosuke Uno, whose 69-day administration was one of the shortest in Japanese history, died Tuesday of lung cancer in a hospital in Morioka, Japan. He was 75.

Mr. Uno became prime minister in 1989 after a bribery scandal forced Noboru Takeshita to resign the post.

Mr. Uno stepped down just more than two months later, after his popularity plunged amid reports that he had paid a geisha to be his mistress.

Mr. Uno was first elected to Japan's lower house of Parliament in 1960. He served as director-general of the Defense Agency, trade minister and foreign minister during his political career. He retired from politics in 1996.

PENSIONS: Social Security Overhaul

Continued from Page 1

Texas, a Democrat, and Jim Kolbe of Arizona, a Republican.

Mr. Breaux, Mr. Stenholm and Mr. Kolbe were also co-chairmen of the commission, along with Donald Marron, the chairman and chief executive of Paine Webber Group, the Wall Street firm, and Charles Sanders, the former chairman of Glaxo Inc., the pharmaceutical company.

The report calls for diverting into personal investment accounts 2 percent points of the 12.4 percent payroll tax levied on workers and their employers to finance Social Security.

The change, which would not affect current retirees, would allow individuals a choice of investment options for the money accumulating in their government-administered accounts, including stock-index funds and Treasury securities.

Advocates of private accounts said

the higher rates of return available from investing in the financial markets would leave people with more money at retirement than they would have if they relied on the current system.

Opponents say that many individuals are already investing in the stock market, and that rather than making a bigger bet on Wall Street, the nation should tweak Social Security but not change its role in providing a guaranteed payment, regardless of stock prices or the condition of the economy.

The plan also calls for several other steps to reduce the financial strain on Social Security as the 76 million baby boomers born from 1946 through 1964 start heading into retirement a decade from now.

The retirement age, which is already scheduled to rise to 67 from 65 over the next few decades, would rise under the commission's plan to 70 by 2029. The early retirement age would rise to 65 from 62 by 2017.

50 Rebels Killed In Sierra Leone

Agence France-Presse

FREETOWN, Sierra Leone — About 50 supporters of Sierra Leone's ousted junta were killed last weekend when a militia group attacked one of their bases in the north, journalists in the area said Tuesday.

Meanwhile, rebels allied to the ousted junta warned that they would increase their mutilations of civilians if the Nigerian-led intervention force, Ecomog, which toppled the army regime in February, fails to leave the country within 90 days.

According to journalists in Makeni, 140 kilometers (85 miles) northeast of Freetown, the junta casualties occurred at a rebel base in Mandaba Forest, when it was attacked by Kapra militiamen.

Missionary sources said fleeing junta supporters then attacked the nearby villages of Kassassi and Mahuya, mutilating 17 civilians, including children and mothers, and burning 10 houses.

A message attached to one mutilation victim warned that Ecomog had "90 days to quit Sierra Leone or the rebel operation 'No Living Thing' will continue with intensity."

The message was addressed to Ecomog authorities in Makeni.

BRIEFLY

Governor Steps Down in Mexico

Caribbean Leader Calls Election

Mr. Mitchell's party won 12 seats in the February 1994 general election. The main opposition party, the United Labor Party, won three seats. (Reuters)

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Solution to Puzzle of May 19

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Ratify the Test Ban

India's nuclear weapons tests threaten to undo 35 years worth of work by the United States and other countries to limit the spread of nuclear arms. Instead of abandoning those efforts and improvising new approaches, a course recommended by some arms control experts, Washington and its allies should redouble their commitment to make the international control system work effectively.

As difficult as it may be, India and Pakistan must be persuaded to sign and abide by the 1996 test ban treaty that has now been signed by 149 nations. By joining the treaty, India and Pakistan would bind themselves to refrain from any future testing. Their inclusion would also make it easier to detect violations by permitting the installation of monitoring equipment at their nuclear test sites.

Enlisting India and Pakistan would be easier if the U.S. Senate ratified the test ban treaty, now irresponsibly held up by Senator Jesse Helms.

Once again, the capricious chairman of the Foreign Relations Committee is holding the nation's interest hostage to his ideological whims.

Ratification would allow Washington to participate in a review conference next year that will develop diplomatic strategies for bringing

holdout nations into the treaty. Without U.S. leadership, the treaty itself and the conference will be empty exercises.

The performance of U.S. intelligence agencies should also be improved so that future test preparations by any country can be spotted in advance, giving diplomats the chance to intervene. The White House was given no warning about the Indian underground explosions. Some of the \$400 million a year the Energy Department now spends on nuclear weapons detection research ought to be used to develop sensitive seismic measuring devices that can monitor low-yield tests from afar.

Nonnuclear countries are more easily dissuaded from developing atomic weapons when nuclear states restrain their own arsenals.

Progress in this area has been slowed in recent years. Russia's Parliament should long ago have ratified the nuclear missile cuts negotiated more than five years ago by George Bush and Boris Yeltsin.

If Bill Clinton does not want nuclear anarchy to be his foreign policy legacy, he must galvanize the Senate to act on the test ban treaty and use U.S. influence to strengthen the world's arms control mechanisms. Without them, this planet would be a far more dangerous place.

—THE NEW YORK TIMES

Microsoft's Stranglehold

In their sweeping antitrust suit against Microsoft, the U.S. Justice Department and 20 state attorneys general have made reasonable demands to preserve competition in the world of computers and the Internet.

Bill Gates needs to respond with something better than disingenuous countercharges that his company is being punished for its success.

Instead of forcing a protracted court battle over remedies, Microsoft should work with federal and state lawyers to reshape the marketplace to help consumers obtain the products they may want.

A sense of history was in the air as Joel Klein, director of the Justice Department's antitrust division, stepped forward in Washington to charge Microsoft with engaging in predatory conduct to choke off its rivals.

Within hours, Mr. Gates and his phalanx of lawyers warned that the government was in danger of destroying innovation and enterprise in America's most dynamic business sector. He made no concession to the idea that Microsoft had used its monopoly in personal computer operating systems to force computer makers to favor its other software products.

Much will now depend on whether the Justice Department and attorneys general can prove their charges of illegal anti-competitive conduct. One of the most explosive charges disclosed Monday was that Microsoft first tried to cut a deal with Netscape, the maker of the main rival to its Web browser, to carve up the browser market.

Only when that approach failed, said the department, did Microsoft shift tactics and try to muscle Netscape out of the market, fearing that its success on the Internet would supplant Micro-

soft's dominance in the operating system business. In response, Microsoft says that its conversations with Netscape were innocent and that every one of its decisions was a legal effort to serve its customers.

For all its heated language, the Justice Department stepped back from trying to block the shipment of Microsoft's Windows 98 operating system, probably because it would be hard to prove serious and irreparable damage.

Instead, the government wants Microsoft to unbundle its own browser, Internet Explorer, from Windows 98 or to include the rival Netscape browser along with it. The government also wants Microsoft to stop giving preference to its own software products on the screen that first comes up as customers turn on their computers.

Microsoft maintains that everything it is being asked to do is impractical. That is for the courts to decide. But Mr. Gates must know better than to assert that the government's demands are the equivalent of asking Coca-Cola to include cans of Pepsi in all its six-packs.

Coca-Cola is not a monopoly, but Microsoft's operating system is. It would be better if Mr. Gates recognized that reality and stopped behaving as if his company were still a struggling upstart.

As he said Monday, the world awaits an era of accelerating change in computers, with undreamed-of products in voice recognition, artificial intelligence and Internet commerce. The Justice Department and the attorneys general are right that the inventors of products in these areas must be allowed to market them to consumers free of a stranglehold by Microsoft.

—THE NEW YORK TIMES

Diving for Pearls

Who should be allowed to take pictures of the seabed wreck of the Titanic? The commonsense answer that leaps to mind is "anyone." — anyone, that is, who is intrepid enough to make the 2.5-mile (4-kilometer) vertical voyage to the site via submersible. Surely, if ever an object has proved its deep-seated claim to be a part of cultural consciousness and myth, it is the hapless luxury liner. The record-breaking reaction to the movie is a symptom of that enduring fascination.

But issues of ownership get complicated miles below the ocean surface, and an enterprising tour operator that seeks to ferry tourists by submersible to view the wreck (at a hefty price tag, naturally) has run into trouble with a salvage company called RMS Titanic, which owns the rights. The rights? RMS Titanic, it turns out, was granted not only the rights to salvage artifacts from the wreck and to show them in museums but also, somewhat remarkably, the exclusive rights to take and sell photographic images of it.

A Norfolk, Virginia, judge followed traditional salvage law in ruling two years ago that the party that first sal-

vaged an object from a wreck — not the party that discovered the wreck — gets the salvage rights to whatever the wreck contains. The law, as the company's lawyer, Mark Davis, points out, goes back to antiquity and is intended to encourage the return of sunken booty "to the stream of commerce."

High-technology salvage of old shipwrecks lately has become big business because of such laws — mainly, of course, when the cargo is gold. But this long-established notion of the value of wrecks runs counter to the newer concept of historic preservation, of scientific rather than commercial motives for bringing sunken ships to light, or the possibility that a site would have emotional rather than financial resonance.

Mr. Davis says the judge made the unusual extension of photographic rights to his client because of its agreement not to sell the artifacts but only to display them — and to sell their images. (The makers of the "Titanic" movie shot their sequences before the deal was made; others have paid for the privilege of showing such footage.) It is that extension that is now under challenge.

—THE WASHINGTON POST

Focus on the Specter of a Religious Nuclear War

By Ved Mehta

STANFORD, California — There is probably nothing more dangerous that has happened on the Indian Subcontinent since independence in 1947 than last week's series of nuclear tests. But the American government's reaction to them, while understandable, may turn out to be, in its way, equally dangerous.

The American economic sanctions, taken by themselves, will not have much effect on the Indian economy, since they represent no more than 1 percent of India's gross national product.

But if the American government is able to persuade the World Bank and the International Monetary Fund to cancel aid and loans to India, the effect would be devastating.

The decision to carry out the tests was made by India's unstable minority government, led by the Bharatiya Janata Party, the "Hindu First" party that has emerged in the last 20 or so years.

Its hidden agenda all along has been to undermine the foundations of secular India and to oppress the Muslim minority. In recent years, some of the party's rhetoric and overt chauvinism have been toned down to win votes, but the changes have been cosmetic.

By playing the nuclear card only two months after coming to office, the Bharatiya Janata Party has become popular in a way that it never was before. Since President Richard Nixon opened the door to China, India has not figured much in geopolitical calculations. By blatantly joining the nuclear club, however, India now has a sense of

greatness — illusory though it may be. Still, it could be that the Indian government's decision to go ahead with the tests has less to do with international stature than with domestic politics.

At present, the Bharatiya Janata Party is kept in power only on the sufferance of a motley assemblage of 14 parties and of a diminished Congress (I) Party. But the nuclear tests may help the party to consolidate its power both in New Delhi and in the country at large.

Commentators are drawing parallels between the effective sanctions against South Africa during the later stages of apartheid and those now being mobilized against India. But a better parallel might be with Iraq.

Sanctions against South Africa essentially punished the well-to-do. But, as in Iraq, sanctions against India would hit the poor and deprived the hardest because, of course, the international aid projects in the pipeline are directed toward ameliorating their lot.

Thus sanctions would become a rallying point for fanatical nationalism and so help to prop up a weak, incompetent government.

Pushed into a corner, India may decide, much as Saddam Hussein's Iraq has done, to substitute jingoism for economic realities and to blame the West for all its ills.

As it is, most Indians are illiterate, nearly 80 percent of the population

does not have anything approximating a lavatory and the drinking water is not safe in any part of the country. Since independence, no Indian government has made such necessities a priority.

Instead, resources have been diverted to big industrial projects and to defense, with the result that India can now produce steel and missiles but is ill-equipped to fight the spread of diseases such as amoebic dysentery, hepatitis, malaria and tuberculosis.

The general perception is that India has two enemies, China and Pakistan. But the Chinese threat lies beyond the Himalayas, and the Chinese are too preoccupied with their own problems to be interested in taking on India's. Border disputes and incursions continue between the two countries, but they have no nuclear dimension.

India's real enemy has always been Pakistan, and vice versa. The contention that Pakistan has long been a proxy for Chinese ambitions in the subcontinent, even if true, does not militate against my point.

For some reason, the most bitter wars are internecine — wars between members of the same family or same tribe. And, of course, Pakistanis are all originally Indians.

Pakistan already has its own nuclear capability, and there will now be no way to stop it from going ahead with its own nuclear tests.

And because the conflict between India and Pakistan is rooted in religion and not in economic systems — unlike the Cold War between the United

States and the Soviet Union — the danger of nuclear war is much greater. Religious passions, once inflamed, are uncontrollable, and the capitals of India and Pakistan are only a few minutes away from each other by missile.

India has had nuclear capability since its first nuclear test in 1974 but, until now, fear of diplomatic repercussions kept it from going ahead with further tests.

The West can have considerable leverage with India if it uses the threat of sanctions with diplomacy and tact and does not just apply them mechanically, as it is doing now.

So far, the American reaction has been sweeping and sanctimonious, and the Clinton administration has been devoid of any sober judgment of the fragility of India's present coalition government and of how best to wield American influence.

There has been a lot of diversionary self-flagellation about the Central Intelligence Agency's being asleep at the wheel when, in fact, any casual tourist in India would have known about the aggressive nuclear policy of the Bharatiya Janata Party.

What America — and, by extension, Japan and the West — should concentrate on now is the specter of religious nuclear war.

The writer is the author of 21 books, including "Remembering Mr. Shavm's New Yorker" and "Portrait of India." He contributed this comment to the New York Times.

Who Is Bibi? It's Time for the U.S. to Demand an Answer

By Thomas L. Friedman

WASHINGTON — Surely it must mean something.

How can it be that in the same week that Israel's prime minister, Benjamin Netanyahu, arrived in Washington to face a U.S.-imposed deadline on the peace process, the Israeli public was far more interested in the fact that an Israeli transsexual diva had won the Eurovision song contest?

The Israeli singer, Yaron Cohen, has been known ever since a sex change five years ago as the female vocalist Dana International. She won the prestigious Eurovision song contest in Britain on May 9 — one of the most widely televised events in Europe and the Middle East — and when word of Dana International's victory spread through Israel, late-night celebrating broke out in the main square of Tel Aviv.

Over in Jerusalem, though, which will host next year's Eurovision song contest, the ultra-orthodox Deputy Mayor Haim Miller declared that events like Eurovision should "stay in the land of the gentiles." This upset Jerusalem's mayor, Ehud Olmert, who was quoted by The Associated Press as calling his deputy a blabbermouth.

Meanwhile Dana International, who favors feather and sequin dresses, took it all in stride, saying: "I am just so proud to represent my country."

If only the peace process got this much attention.

Why hasn't it? Largely because most of the Israeli public knows that all this haggling over percentages has little to do with Israeli security, and much to do with Mr. Netanyahu's coalition.

The truth is that Israelis these days are more interested in who they are — particularly in the rising cultural war between secular and religious — than in who the Palestinians are.

The Israeli public knows this conflict is headed for a two-state solution of some kind or another and just wants it resolved in a safe, orderly manner. The public assumes that is what Mr. Netanyahu is doing.

But is he? The amazing thing about Mr. Netanyahu is that after two years in office no one is still sure who he is. Mr. Netanyahu's media adviser and confidant, David Bar-Ilan, was quoted in this week's New Yorker as saying of Bibi: "It's not possible to read what he feels, even with me. I never feel I know what's in his heart or mind. I don't know who he is."

The whole thrust of recent U.S. diplomacy has been an effort to find out who he is, by putting together a proposal that meets Mr. Netanyahu's basic demands — that the parties begin final status talks immediately, that Palestinians take concrete steps to combat terrorism before they get any more land, and that the interim withdrawal be as small as possible before final status talks.

The Palestinians have accepted Bibi leading. But because he is

cause he is unwilling to confront the far right of his coalition, which does not want to give up anything.

Mr. Netanyahu knows he has to withdraw, but he does not want to alienate his far right, which touches something in his own soul. He wants to be Nixon going to China and still be honored by the John Birch Society.

Bibi is behaving as if he has three options: 1) No deal with the Palestinians, but no deterioration in relations with the Americans or the Arabs. 2) A deal based on a magic formula that will satisfy the Palestinians and every extremist in his coalition. 3) A deal with the Palestinians, but one that will require him to actually lead — to openly confront the far-right wing of his coalition or to form a national unity government.

Option one is an illusion; this status quo will not hold forever. Option two is an illusion; there is no such pain-free formula.

That leaves only option three: Bibi leading. But because he is

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A Globalization Summit

By John W. Sewell and Michael H. C. McDowell

WASHINGTON — The Group of Eight leaders discussed the problems of globalization at their recent summit meeting, but what the world really needs is a much more inclusive and focused meeting to deal with this issue.

Globalization is now too large a topic for the G-8 leaders. They no longer dominate the global economy and are only part of this essential debate. What is needed is a one-time "globalization summit" of two dozen representative heads of state or government from the old industrial countries, the emerging economic powers and the most vulnerable nations.

We must maximize the undoubted benefits of globalization and, at the same time, buffer its costs for those states that risk exclusion from the globalized economy. We must respond decisively when globalization's dynamics throw entire economies into a tailspin.

We have seen ad hoc, last-minute action to deal with Asia's economic crisis but no coherent, directed discussion among political leaders and no clear plan to avoid another debacle. The next crisis might be just around the corner and the world is not ready to deal with it.

The emerging economic powers, as well as the weaker ones, are boosted or weakened by the highs and lows of global market swings. It is in the interest of the world community to include these countries in any meeting on globalization.

Globalization is inevitable and can be a highly positive phenomenon that, with wise policies and tough choices, can lift all boats — but we need a system in place to handle its negative aspects, anticipate its dynamics and harness those dynamics to serve all countries, not just the "haves." We must ensure that the benefits of globalization reach all, creating greater wealth for all. If the poorest countries are unable to reap the benefits of globalization, then we are all poorer.

Poverty leads to conflict, social unrest and disease. It is economic dynamism, through global markets, that provides the resources to attack poverty. Booming international trade can help bolster the new economic powers, emerging market states and even poor regions such as sub-Saharan Africa. Future growth in the old industrial economies depends on new markets.

A globalization summit meeting obviously must address questions of international financial reform. But it also must address broad issues such as:

- The link between workers' rights and further trade liberalization.
- The stalemate on global warming.
- Global health challenges, from new epidemics like AIDS to old threats like malaria.

Mr. Sewell is president and Mr. McDowell is a fellow of the Overseas Development Council, an international policy research institute. They contributed this comment to the Herald Tribune.

have been off-limits to the Japanese public since that last revision, which was effected only after a nationwide upheaval. As any candid Japanese official will explain, this allows Washington to set the terms of the security relationship more or less as it did in the immediate postwar years.

The accord that Secretary Albright just signed is a case in point. It calls for more Japanese logistical support for U.S. forces in the Pacific. That may be unlawful under Japan's "peace" constitution. But the prospects for an open debate on the issue are nonetheless nil.

It is time for Washington to connect the dots. It cannot demand sweeping economic and administrative reform and at the same time preside over a relationship that keeps the Japanese frozen in a dysfunctional democracy, a creature of Cold War compromise.

Japan now contemplates a reform agenda of historic importance: the United States can be an essential friend as the Japanese step cautiously forward. But Washington must accept that there are no limits to such reform — none, at least, that Americans

are in any position to impose. Economic reform will eventually take hold in Japan. Once it does, demands for broader change will follow. And it is already evident where this will lead: to a wide-ranging national conversation on both the security treaty and the constitution that the United States gave to the Japanese in 1947.

It will be a daunting passage in U.S.-Japan relations. But Washington must not flinch. Indeed, it should take every opportunity to urge the Japanese toward vigorous public discourse on the many issues facing them.

The benefits will belong to everybody. Only as Japan begins to function more democratically will it begin to think for itself, and to act more responsibly in a world in which its rightful role is large.

The writer, a former Tokyo correspondent for the International Herald Tribune, recently won an Overseas Press Club award and the Kiriya prize for his book "Japan: A Reinterpretation." He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Gladstone Dies

PARIS — [The Herald says in an Editorial:] With the death of William Ewart Gladstone passes away a great figure of the closing century. No contemporary Englishman was, perhaps, as well known throughout the world. The cause of Mr. Gladstone's fame is not hard to seek. His was a universal mind. Scarcely a branch of intellectual activity could be named in which he did not shine. Brilliant statesman, orator, theologian, profound and subtle thinker that he was, he appealed to all classes, and the world is truly the poorer by his death.

1923: Bulgarian Bill

SOFIA — M. Stambolisky, the peasant Dictator of Bulgaria, has introduced a Bill providing for the institution of Communism "on Russian principles and methods" in villages which

contain ten Communist electors. The confiscatory process, which in Russia affected only the bourgeois class, is to be limited in Bulgaria to the partisans of Communism, and, as if to render the whole experiment a farce, Communists who feed otherwise than from the common dish will be taken out and shot, and children will vote on an equality with adults.

1948: China Christians

SINGAPORE — Chinese Communists are carrying out a "systematic program" of persecution of all Christian religions in North China, a Roman Catholic journalist just arrived from Shanghai told "The Singapore Straits Times." He said that Communist persecution of Christian religion which "followed wherever Communist control is established is not everywhere of the same intensity but follows a strikingly uniform pattern."

Herald Tribune

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A Place in the Sun for 2 Young Actors

Joan Dupont

International Herald Tribune

CANNES — Elodie Bouchez and Natacha Regnier, down and out in Erick Zonca's "La Vie Revee des Anges" (The Dream Life of Angels), have found a place in the sun at Cannes. The actors have won the kind of welcome this festival loves to give young talent, with headlines like "The Angels Fly."

Actually, in this first film, set in Lille, these girls are no angels — just dreamers, blue-collar vagrants looking for a perch to settle. "Erick wanted Marie to be darker," Bouchez said, referring to Regnier's role, "but I think it's good that she looks like an angel, and has this sour side. And the contrast between our physical type works."

Minute and punchy, Bouchez, 25, who already made a splash in Andre Techine's "Wild Reeds," is now being compared to Sandrine Bonnaire in Agnes Varda's "Sans Toit ni Loi" for her part as the resourceful Isa, a restless tomboy. "Erick chose me because of Techine's film," she said. "He went for a certain generosity and innocence I had then. But I made that movie four years ago, and I've changed. I had trouble getting into the character of Isa; she was vague to me until we started shooting. Once I got the haircut, the clothes, the backpack, it clicked. From then on, I never once looked in the mirror and it freed me."

Willowy, reserved Regnier, 25, who had a small part in Pascal Bonitzer's

"Encore," plays her first big role: the taciturn, violent Marie, a fair beauty with dark thoughts and a smack of backstreet ambition to her character.

"I don't know anybody like Marie," she said, "but I stole small things from Charlotte Gainsbourg in 'La Petite Voleuse' and people I know, not movie people. I was moved by Sylvia Plath's 'The Bell Jar.' Not that Marie is that girl, but she's too alone, cut off, and when she sees a chance at love, she goes for it."

Nothing terrible has happened to these girls, but nothing good either.

CANNES FILM FESTIVAL

"They aren't social cases or anything," Bouchez said. "They meet at a sewing factory in Lille where Isa has just been fired. They're trying to make it on their own, and they didn't do studies or specialize in anything. They're from a *petit milieu* — Isa could care less, but Marie cares."

Girls with similar roots see life differently, but the relationship takes off and becomes intense. Marie lets Isa share a flat she squats in, which belongs to a girl who has been in an accident and is in a coma. The girls try to break through some barriers and get into some of the local action; they do a number on the bouncers to get into a club, but never get past the door, although Marie goes to bed, first with a bouncer (Patrick Mercadeo), fat and sloppy, who turns out to be a good man, then with the club owner (Gregoire Colin), rich, handsome, a

weak rotter. This is the man Marie falls for.

Zonca, born in Orleans, studied acting first with Blanche Salan in Paris during the 1970s, and then in New York. Back in France, he worked in films and television and made three shorts. He said he found Isa when he was casting one of the shorts and met a girl with a backpack who struck him as self-confident. Marie was inspired by a young woman "in total rebellion with the whole world."

"Erick worked with us in very different ways," Bouchez said. "With me, he had a light touch, he was playful; it was almost as if I were a clown. Actually Isa's humor was something I discovered on my own, and then he liked it. He was cool."

"Not with me!" Regnier said. "Every day we started out with this real desire to work together, and by the end of the day, there were scenes and storms — some days, big storms. But what counted was starting out fresh again the next day."

"It was his first film, and we could see he was searching; nothing was completely fixed," Bouchez said. "But that was good, because with each film, we learn something — no director is alike."

Bouchez, like her character, has a wide grin and ebullient spirit. "Not that I'm really an Isa," she said. Regnier is not so much secretive or shy as determined to come out with a defining statement.

"Isa is more independent, but she

can't live without others," Bouchez said. "Marie can live without anybody."

Differences between the girls are accentuated when Isa pays hospital visits to the young girl in the coma, while Marie has a violent affair with the club owner.

"I think that at one point, Marie is lost," Regnier said. "She had a lot of people around, but then, she's alone again, and the distress of finding herself back in solitude is worse — when you don't know you're alone, it's not so bad."

The actors shared a room during the shooting and became friends. They also share a passion for cinema d'auteur. Bouchez is shooting a new film here at Cannes, "Les Kidnappeurs," directed by Graham Guit. "I'm *maman* gun moll," she said with relish. Regnier will be in Francois Ozon's "Les Amants Criminels," shooting this summer, with Jeremie Renier, the boy who was in the Belgian film, "La Promesse" by the Dardenne brothers.

REGNIER said she always dreamed of acting but never believed, growing up in Brussels, that she could make it. "I had a passion for cinema, but I thought it was out of bounds. I would like to play an intense, passionate part — that's what I want most."

Bouchez, raised in the Paris suburbs, agrees that what happened to her is unreal. "You could call it *un reve amer-*



Elodie Bouchez, left, and Natacha Regnier star in Zonca's first film.

icain," she said, quoting Juliette Binoche when she received her Oscar for best supporting actress in "The English Patient."

What about an award at Cannes? "Great! I don't come from a poor fam-

ily, I don't come from anything artistic or fancy either — as a kid, I loved to act and dance," Bouchez said. "Up to now, I've played a lot of romantic roles, and I'd like to break that image. I think I've made a start."

Dysfunctional Families and Tales of Abuse

By Joan Dupont

International Herald Tribune

CANNES — Mysteriously, an epidemic seems to hit different corners of the world at the same time, and movies with certain themes crop up at Cannes.

This year, dysfunctional families and abuse loom large, from the secret unspoken kind, as in "The Celebration" (Festen) by Thomas Vinterberg of Denmark and "Ski School" (Le Classe de Neige) by Claude Miller of France, to outright sadism in "Dance to My Song," a film by an Australian, Rolf de Heer, about a crippled woman tortured by her caretaker.

In another vein, several films deal with damaged adults from hard backgrounds, handled realistically in Ken Loach's "My Name Is Joe" and given a French provincial twist in Erick Zonca's "La Vie Revee des Anges."

Vinterberg signed Dogma 95, a list of

taboos that Lars Von Trier drew up — limitations as a source of inspiration. The collective's rules include exclusive use of handheld cameras, no artificial light or added sound. Vinterberg has taken a "vow of chastity," swearing to refrain from signing his film or "creating a work, seeing the instant as more important than the whole."

This sounds not very festive, but "The Celebration" actually is a breath of fresh air — a brilliant piece of ensemble acting, well written and edited, spookily funny. Three grown children of an honored patriarch come home to the grand manor to celebrate his 60th birthday. Helge (Henning Moritzen) and his gracious wife (Birthe Neumann), look as if they have a lot to celebrate — huge riches, big family, loving friends. Christian (Ulrich Thomsen), the eldest, a somber blond Hamlet, is the good son, but he has come to reveal the family secrets: His twin, Linda, committed suicide a few months

earlier, and he knows why. Helene (Paprika Steen), the other sister, is also on the trail of Linda's motives. Michael (Thomas Bo Larsen), who turns up with wife and kids, is the brat bent on behaving outrageously.

Afraid of his own emotion, Helge has asked Christian to say a few words about the family tragedy in his toast. The words Christian chooses bring pandemonium to the banquet table, all the way back to the kitchen quarters, where the help, who have been waiting for this kind of explosion, orchestrate the rest of the night's festivities.

The zooming camera, hectic motion and blurry video imagery work marvels on this gracefully plotted mayhem. It's like dining with Visconti's creatures in "The Damned" in the age of virtual reality. Despite the dogma, the director is in charge of this candlelit toast to family chaos.

"Family Life" is the name of Ken Loach's 1972 movie, and it could also

go with a few of his recent films. Yet the director has expanded his observation of lower-class life, taking in the ironies, closing in on his finely drawn characters gradually, with compassion. "My Name Is Joe," set in a poor Glasgow neighborhood, is his most fictional film in the genre: Loach has put radical politics and the documentary approach aside and trained on a love story.

Joe (Peter Mullan) is a reformed alcoholic, on the wagon barely a year, and jumpy. He has engaging buoyancy, not real confidence; he cares for people and it radiates from him. He leads a ragged local soccer team — its players always lose, look as terrible as anybody out of "Trainspotting" — and have even thicker accents — and keeps an eye on Liam (David McKay), a



A scene from the Ken Loach film "My Name Is Joe," a love story set in Glasgow.

young man who has done time and whose wife is on her way down, from drugs to dealing to prostitution.

Then Joe meets Sarah (Louise Goodall), a health worker and professional caretaker. Joe is simply neither on her agenda, nor of her class. He means

trouble and she walks into it. When Joe has to act to save Liam, he rushes right back down into bad company and dangerous ways.

Loach never stoops to sentimentalize, he stretches his characters beyond the everyday to tragic dimensions.

A Magnificent Shaw and a Full Plate of Pinter

By Sheridan Morley

International Herald Tribune

LONDON — The everlasting topicality of George Bernard Shaw's masterly "Major Barbara" (Piccadilly) once again reinforces my belief that Peter Hall's financially embattled resident company is still far and away the best classical repertoire in London this decade.

True, Peter Bowles as the massively sinister Undershaft, a megalomaniac arms dealer based none too loosely on Alfred Nobel, was a little shaky on the longer speeches on the

first night, and Jemma Redgrave seemed an oddly uncharismatic Barbara. But both performances, like so many in the Hall seasons, will soon settle down; when they do we may well have the best production in living memory of a play first performed in 1905 and still firing on all targets.

As usual, Shaw has at least three plots going on here: the opening, a conventional Edwardian drawing-room comedy about unsuitable marriage, with Anna Carterer doing a memorable parody of Lady Bracknell; the Salvation Army scenes ("Guys & Dolls" without the score); and

the great explosives shed at Undershaft's munitions factory, where his conversion of his children to the benefits of dynamite is infinitely more triumphant than anything achieved by the Salvationists.

It is here, in Undershaft's lyrical defense of the power of arms that we find Shaw in his anti-Shotover mood, predicting that the world can only be run by men who are prepared to kill and be killed for their beliefs. Only when Hall gives us, at curtain fall, the sounds of the guns at Flanders in a World War less than a decade away do we realize the terrible price about

to be paid for Undershaft's seductive philosophy.

In a strong cast, David Yelland is an unusually pugnacious Cusins and Michael Pennington splendid as an Alfred Dolittle in embryo. With the National about to settle into a summer of "Oklahoma!" and the RSC already out of the Barbican, it is Hall's company at the Piccadilly that continues to give London the right to consider itself the capital of major classical revivals.

If one plays by Harold Pinter is good, then two must be better and three best? That certainly is the thinking behind new stagings at the Donmar Warehouse of "A Kind of Alaska," "The Collection" and "The Lover," and at almost three and a half hours

nobody can complain about too brief a Pinteresque outing.

"A Kind of Alaska" dates from 1982 and is derived from Sacks's discoveries about patients drawn back from years of catatonic lethargy. Pinter's patient (a fine Penelope Wilton) is Deborah, who fell into a coma when she was 16 and we

now meet some 29 years later, awakening to find her doctor and sister (Bill Nighy and Brid Brennan) trying to explain how she has come to lose three whole decades in sleep.

The play is about the unfreezing of the body while the mind remains desperately unable to thaw so quickly, and it remains one of the most touching and timeless of his works.

The other two are television scripts from the early

1960s: "The Collection" is a betrayal thriller with the same events played and replayed through the eyes of each of four characters (Lia Williams, Colin McFarlane, Douglas Hodge and a sinister silk-dressing gown turn from Pinter himself) caught up in what may or may not be a series of gay and straight affairs. What matters here is the mystery, not the solution, and Joe Harnist manages to keep the tension going.

But "The Lover" has always seemed to me a curious series of variations on a theme by Molnar, who in "The Guardsman" first set up the idea of a married couple only happy in their own bed when masquerading as illicit lovers. All the same, a Pinter treble of unresolved menace is a remarkable tribute to his unique stagecraft over 40 years.

Two Triumphs of Monteverdi

David Stevens

International Herald Tribune

BUSSELS — Almost simultaneously, La Monnaie here is giving two Monteverdi stage works in productions imported, as it were, from outside the operatic world — way outside.

Trisha Brown, the American choreographer, mounted "L'Orfeo" of 1607, the earliest opera to hold the stage, using the 10 dancers of her own company and persuading the singers to join in the movement to an extraordinary extent. "Il Ritorno d'Ulisse in Patria," which dates from 37 years later, was entrusted to William Kentridge and his Handspring Puppet Company of Johannesburg.

For Brown, long a fixture of the contemporary dance scene in New York, the approach to "L'Orfeo" over the last three years was through a series of dance works set to pivotal scores by Bach, Webern and Monteverdi himself. All this preparation paid off in a convincing production, expressive in its mass movements, and if it did not quite make the singers into dancers, it did integrate them into a choreographed whole.

Simon Keenlyside, the splendid baritone Orfeo, and Juanita Lascarro, as Euridice and La Musica, headed a fine cast under the experienced musical direction of Rene Jacobs, who had at his disposition a relatively large orchestra of period instruments, including brass.

Roland Aeschlimann's single set was a glowing circular projection — some heavenly body that changed color, went into eclipse or was crushed by an advancing wall, expressionistically reflecting events in the drama.

Although "L'Orfeo" was for a princely entertainment in Mantua, "Il Ritorno" was given in 1640 in one of Venice's public theaters. The eventful later work relates the closing

books of the Odyssey and the return of Odysseus (Ulisse) to his palace and Penelope. But the production in the Luntheater did not take a literal approach to the story, to say the least.

Aside from the company's life-size hand-manipulated puppets, Kentridge took his inspiration from Rembrandt's celebrated "Anatomy Lesson of Dr. Tulp," with the stage outfitted like half of a circular anatomy theater. On the bed is Ulisse, not a corpse but not in very good shape either.

In one of the spectators' rows are six string musicians, members of the Ricerar Consort, with Philippe Pierlot directing from his viola da gamba. Each puppet not only has his principal manipulator, but also a deputy who also happens to be the singer of that particular role.

Ulisse is not only the body on the bed, his body images are also projected onto a screen above — CAT-scans, X-rays etc. — until the returned hero gets off the bed and slaughters the importunate suitors who have been pestering Penelope and clattering up his palace while he was away at war — or perhaps just dreaming the whole thing. The long score was trimmed of its secondary plots and concentrated on Ulisse's existential dilemma.

This may sound bizarre, but it was oddly effective. Puppets' gestures can be strangely touching and the relationship between singers, puppets and instrumentalists worked. It did not hurt that the singers were excellent, headed by the Ulisse of Scot Weir and the Penelope of Guillemette Laurens.

"Il Ritorno" runs until May 22, then goes to the Vienna Festival, May 28-June 1; the Hebbel Theater in Berlin, June 5-9; the Hildesheim Festival, June 22-25, and to Zurich, Sept. 1-5. "L'Orfeo" runs to May 23, then goes to the Barbican in London, June 3-6; the Festival of Aix-en-Provence in France, July 14-19, and the Brooklyn Academy of Music in 1999.

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HOT TICKETS FOR JOB CREATION

If you're about to graduate from college with qualifications needed by Germany's IT (information technologies), electronics, communications, chemicals, automotive and industrial engineering sectors, congratulations — you're holding a hot ticket. If your degree is in computer engineering, there's even better news: You are the most sought-after person in the German economy.

Germany's IT industry created 100,000 jobs both in 1996 and 1997 and expects to add on a further 90,000 in 1998. These new jobs largely stemmed from the software and services sectors, in which the number of executive and academic-level positions available increased in 1997 by 73 percent and 41 percent respectively. The new positions were for programmers, trainers and installation experts.

The strongest demand in these sectors — and in Germany's IT industry as a whole — is for *Wirtschaftsinformatiker* — experts trained in the use of computers in costing projects and applications. The number of positions vacant in this sector increased by 106 percent in 1997. Also being avidly snapped up by the industry are graduates with experience in setting up and maintaining Web sites and SAP software applications.

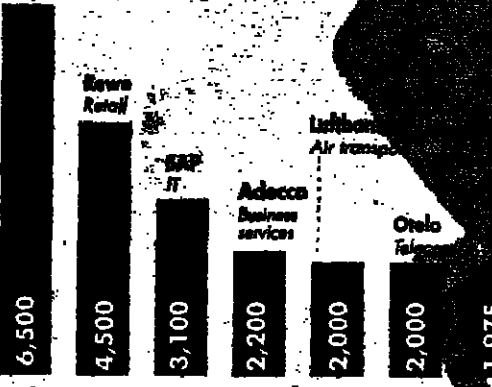
There is nothing surprising about this. These segments of Germany's IT market grew by 50 percent in 1997 alone. The explosive growth of the Internet segment spilled over into Germany's communications industry, in which the number of positions available rose by 15 percent in 1997.

The IT sector's growth has caused a rather pleasing problem. Germany's universities and polytechnics are turning out 7,000 computer scientists a year. The industry is looking for nearly three times that many — 20,000 a year. This raises a question: Where are the rest coming from? The answer is from the schools of chemical engineering, geography and other departments at these institutes of higher education. The curricula of these schools feature a heavy use of computers.

A Business-Friendly Market

Germany's top 100 companies, as ranked by Daimler-Benz

Daimler-Benz
Automotive
IT/Business Services/Engineering
(including Daimler and DASA)



Percentage of gainfully employed Germans who work on:

Saturdays	Sundays	Evenings	at Night	in Shifts
10.2	4.2	6.3	2.2	3.9
12.5	7.2	11.4	4.7	3.9
17.7	11.4	13.8	5.9	1.4

The number of people working for temporary employment agencies in Germany:

1995/1996	1996/1997	1997/1998
150,000	180,000	207,000

Sources: Wirtschaftliche Woche, German Federal Office of Statistics

But the IT industry is by no means the only sector in the German economy looking for computer scientists — or the only one creating jobs. After a year of increasing their total workforce sizes, the country's electronics, industrial engineering, automotive and chemical industries are expected to step up their hiring by a further 25 percent, 20 percent, 15 percent and 10 percent respectively in 1998.

Not surprisingly, these job-creating sectors are the ones powering Germany's economic upswing, now in its fifth year. The country's economy is set to record a near 3 percent rise in GDP. The IT, electronics, automotive, chemical and industrial engineering sectors are expected to match or even surpass their performances in 1997, a year in which they increased their total turnovers by 14 percent, 10 percent, 5.4 percent, 6.4 percent and 4.3 percent respectively.

Increasing flexibility is also appearing in the German labor market. Two examples: More than 10 million Germans work on weekends, while 45 percent of those being hired in the automobile industry receive limited-term contracts, which carry a built-in option to become lifetime ones.

With all of these new jobs being created, why is Germany still recording a high — if declining — rate of unemployment? Says Roland Berger, CEO of Roland Berger & Partner, one of Europe's foremost management consulting firms: "Because the German economy is well along its process of transition, it is becoming one of the most knowledge-driven economies in the world. In the process, it is creating high-expertise, highly capital-intensive jobs at about the pace it is shedding low-skill ones. This shift is affecting each of the country's economic sectors and each of its companies." ■

THE VIEW FROM THE BOARDROOM

Three of Germany's top business leaders were asked what difference — if any — the advent of the euro will make in their daily business operations.



MANFRED GENTZ,
CHIEF FINANCIAL OFFICER AND
MEMBER OF THE EXECUTIVE BOARD,
DAIMLER-BENZ AG

By allowing 14 European currencies to compete against each other, the European Union has been wasting resources. This situation has gone on for far too long. As of January 1, 1999, 11 countries in Europe and the

290 million consumers living in them will share a single currency. By putting an end to the wasting of resources, the euro will free large amounts of resources for productive use.

For the Daimler-Benz group, the advent of the euro will result in savings in hedging and transaction costs amounting to 100 million Deutsche marks (\$1.7 billion) a year. But that won't be the only way we'll benefit from the introduction of this new currency. It will also provide us with great planning certainty. The use of the euro will induce a greater degree of market-wide, price-driven competitiveness, and will create a large-sized financial market. This, in turn, will extend the range of investment and financing opportunities available to us and other companies.

HEINRICH VON PIERER, PRESIDENT
AND CHIEF EXECUTIVE OFFICER OF
SIEMENS AG



For European companies, monetary union will mean an improved competitive position vis-à-vis American and Japanese companies. Until now, the latter could always rely on their large domestic markets. The euro's introduction represents a major step toward a larger, more uniform European market and, hence, toward improved European competitiveness in the world market.

The euro's introduction will lead to an intensified competition for customers. Because prices within the currency union will be easier to compare, price levels in individual countries will drop. In time, consumer taxes in participating countries will begin to converge.



HENNING KAGERMANN,
CHAIRMAN OF THE EXECUTIVE
BOARD, SAP AG

As of January 1, 1999, the currency of denomination for SAP's shareholders' funds and corporate accounts will be the euro. This early date of translation is an expression of our determination to be one of the German business community's pioneers in this area. It is also an expression of our firm conviction that this currency will yield a range of opportunities, and that it will give rise to improvements in the operating conditions prevailing in the European Union, itself set for expansion.

As is the case with all other companies operating in the "Euro-market," SAP has had to configure its strategies to reflect this market's realities. This changeover has also caused the company to review its assortment of products and the listings of their prices. Also being looked at is how to assure that the company has the flexibility required to react to changes in the modalities of transactions between SAP and its suppliers, customers and other business partners.

SAP is the world's leading supplier of standard software products used in the managing of businesses. As such, we began supplying products with built-in "euro capabilities" at an early stage. We have also been providing items facilitating the conversion of corporate operations in this area.

The introduction of the euro will not impair in any way our daily business. It will, on the contrary, give rise to opportunities, with these including the reduction of transaction costs and the optimizing of our product range. These new opportunities will be immediately and fully exploited.

INVESTORS FLOCK TO NEW MARKET

Last year was a year of firsts in Germany's financial sector. A record 300,000 Germans bought shares for the first time in 1997. Like the rest of the country's 4.1 million shareholders, they were primarily interested in 12 companies. All of them are small and high-tech. All went public on the New Market, which started up on March 10, 1997.

What took place during its first year of existence has made the New Market Europe's hottest exchange for startups. Designed by Deutsche Börse AG (the holding company for the Frankfurt Stock Exchange, the Deutsche Terminbörse and the futures exchange), to be Germany's answer to Wall Street's NASDAQ, the New Market saw its market capitalization rise to 25.7 billion Deutsche marks during its

first year of operation. The New Market's index average has risen more than 50 percent over the past three months.

These figures understate the extent of investor interest in the New Market. Each of the IPOs launched by the market segment's 24 companies has been oversubscribed. The current record is held by Refugium Holdings, an operator of retirement homes whose public offering was oversubscribed 215 times.

Along the way, the New Market has turned into a "multimillionaire-maker," in the words of WirtschaftsWoche, the German business weekly.

The new millionaires (and even billionaires) include Gerd Schmid, head of MobilCom, the recently-founded provider of telecom services, and Ralph Domermuth, CEO of I&I, a supplier of technical and office services.

This enthusiasm for new issues has by no means been restricted to the New Market. Virtually all of the public offerings and rights issues made on Germany's eight stock exchanges in 1997 were also "seriously" oversubscribed. In fact, these exchanges as a whole have been performing at record levels.

In 1997, the Frankfurt Stock Exchange's share-related turnover rose 52 percent. The exchange accounts for 80 percent of Germany's dealings in shares and securities.

Electronic trading What's behind investor interest in shareholding? Is it a product of the low rates of return available in the money and real estate markets and of the other fundamentals driving all of the world's securities exchanges?

"The boom on Germany's exchanges is partially attributable to these fundamentals, and to a number of national-level factors," says Rüdiger von Rosen, managing director of the German Institute for Stock Promotion. "Viewed collectively, stocks offer high rates of long-term return and security of investment. The perception of these facts is rapidly spreading among Germany's investing public, which used to channel its capital into savings accounts and real estate."

"The public's discovery of the stock market has been inspired by the success of such 'new champions' as SAP. The rise in profitability recorded by nearly all of Germany's major companies over the past year or so has also played a role. These rises provide an indication of corporate Germany's increasing orientation toward enhancing corporate value, which is in the interest of shareholders. It is also an indispensable method of procuring the equity required by the company."

Another key factor pro-

MEGA-MERGER CREATES LEADER

The pending merger between Daimler-Benz and Chrysler has a number of significant features, including its size (the new company will have annual sales of \$135 billion and 421,000 employees) and its implications for the automobile market — the new firm will be strong in all of the market's key segments.

Perhaps the most interesting aspect is where the new Daimler-Chrysler will be headquartered — in the German city of Stuttgart — and why.

According to published reports, it was Germany's much-maligned codetermination system and tax codes that led to the choice of Stuttgart over Detroit. A product of post-World War II labor policy, codetermination gives employees a right to be consulted on all major corporate decisions.

Though recognized for its usefulness in ensuring good labor relations, this system has been criticized as being unwieldy in today's fast-moving business world and thus presenting an operating disadvantage.

Chrysler's CEO, Robert Eaton, looked at Germany's very low rate of strikes and high pace of corporate innovation, and thought otherwise.

In addition, there is a tremendous difference between Germany's maximum tax rates and the actual amount of taxes paid by its corporations, because of the generous deductions allowed by the tax codes. This was a major factor in the decision to locate the new headquarters in Stuttgart.

company is headquartered in Taucha, Saxony. It is the third company from Germany's new states to be listed on the market — and the first from the region to handle its listing all by itself. ■

The New Market is starting off its second year of existence with another first-time event: Lintec is going public. This computer com-

pany is headquartered in Taucha, Saxony. It is the third company from Germany's new states to be listed on the market — and the first from the region to handle its listing all by itself. ■

Record levels of venture capital are flowing into young, innovative firms.

RISE HIGH-TECH STARTUPS

Record levels of venture capital are flowing into young, innovative firms.

Wolfgang Schlegel, a professor of medical physics at the University of Heidelberg and a staff researcher at the German Center of Cancer Research, believed that it would be possible to improve upon conventional methods of radiating tumors of the brain and other difficult-to-operate parts of the body. He also foresaw that there would be a market for an innovative system in this area.

He has been proven correct on both counts. Professor Schlegel came up with a new system for the treatment of this type of tumor. Its key components are an ultra-precise "cold laser" and a program providing detailed, 3-D images of tumors. Joined by several associates, he then founded a company. Its objective is to turn this innovation into a marketable product. At latest report, the company was well on its way to achieving this objective. His new system is meeting with strong interest from the life sciences market.

"There are very few innovators in Germany who are willing to take on the many difficulties associated with starting up a company in Germany," says Professor Schlegel. However, the facts would indicate that this statement, echoed by virtually every other scientist-founder, is incorrect.

New companies are being founded and

funded in Germany at a strong pace. There are currently 3.1 million companies in Germany. This figure is rising at a respectable 80,000-a-year clip, reports the Süddeutsche Zeitung. The startup and working capital for many of these companies came from the public-sector Deutsche Ausgleichsbank (German Bank for Equalization), which supplied a whopping 10 billion Deutsche marks in low-interest loans and other forms of finance to the young companies. A further 600 million DM in venture capital was provided by the Kreditanstalt für Wiederaufbau (Credit Agency for Reconstruction). Large amounts also came from a bevy of other federal, state and local-level institutions.

Germany's privately owned venture capital firms (those that are members of the German Venture Capital Association) supplied a record 2.34 billion DM in fresh money in 1997. The firms' total investment in startup and other companies amounted to 7 billion DM, up 15 percent over 1996's figure, itself a record. And these figures don't include two highly productive sources of startup capital: Germany's explosively growing New Market and the large and increasing number of North American venture capital companies flocking to Germany. ■

INNOVATIVE NORTH AMERICAN COMPANIES SET UP SHOP

Young North American high-techs are clustering in Germany. Those are the findings of a recent survey conducted by the Munich-based Inward Investment Services International for Bavaria's ministry for economic affairs, transport and technology.

According to the survey, 362 American and 18 Canadian high-tech firms have set up shop in the state alone over the last two decades. After doing so, these companies have been growing rapidly — and adding on personnel in the process.

The study finds that the average foreign-owned high-tech firm in Bavaria is a bit more than 11.5 years old. Since its having been founded in mid-1985, the company has seen its workforce grow from 56 to 110 persons, equivalent to an annual rise of more than 7 percent, and its space (office, production or other) occupied rise from 300 square meters to nearly 1200 square meters, yielding an annual increase of 35 percent.

About half of the North American companies are active in the ICT (information and communication technologies) sector. The fastest growing area is biotech. ■

For further information on trade and investment in Germany: Foreign Investor Information Center, Schornhorststrasse 36, D-10115 Berlin. Tel.: (49-30) 2014 7750 - Fax: (49-30) 20149 7036

"STANDORT DEUTSCHLAND: GERMANY AS A BUSINESS LOCATION" was produced in its entirety by the Advertising Department of the Federal Government. It was sponsored by the Press and Information Office of the Federal Government. Writers: Terry Swartzberg in Munich. Program Director: Bill Mahder.

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TENDER NOTICE

Park Lane and Audley Square Car Parks Management Contract

1. Westminster City Council is seeking expressions of interest from organisations to manage, market and assist in the refurbishment of two Mayfair Car Parks.

2. Audley Square and Park Lane Car Parks have a combined capacity of 1300 spaces close to the heart of London's shopping and tourist industry. Both car parks are currently subject to leases which expire on 31 March 1999. It is the City Council's intention to run both car parks itself after that date with the assistance of a management contractor.

3. The management contract will be for a period of up to five years with an option for a further two years extension subject to performance. The Contractor shall act as the Council's agent in managing the car parks on a day to day basis and advise the City Council on methods to promote and market the car parks. The Contractor will suggest ways in which the car parks might be made more attractive to customers as part of a refurbishment programme.

4. Expressions are sought from companies, partnerships or consortia. The City Council will short list up to five to tender. Financial capacity and relevant experience will be the main short listing criteria. However, expressions are particularly welcome from those who can offer management flair and an innovative approach to marketing, preferably backed up with a proven track record. Accordingly expressions will be considered from a wide range of sectors and not exclusively those specialising in car park management.

5. Information in the form of the project summary is available and can be obtained by applying in writing to the address below. The project summary will contain a short listing questionnaire.

6. Expressions shall be made by completing the short listing questionnaire and returning it to the address below. It must be received no later than 1 June 1998. Relevant additional supporting information may also be included.

7. It should be noted that the Transfer of Undertakings (Protection of Employment) Regulations 1981 may apply to this contract.

8. No tender shall be granted to the successful Contractor who will be employed only in a management and consultancy capacity.

9. The contract will be let to the most economically advantageous tender. The factors making up this criteria will be set out, in full, in the tender documents. However the City Council shall be seeking to award a contract which offers best value in the provisions of the Services.

10. Tenders are likely to be invited in June 1998.

28 April 1998

Address for correspondence:
Michael Bejley, Car Parks Manager,
10th Floor, City Hall,
64 Victoria Street,
London SW1E 6QP
e-mail: mbejley@westminster.gov.uk
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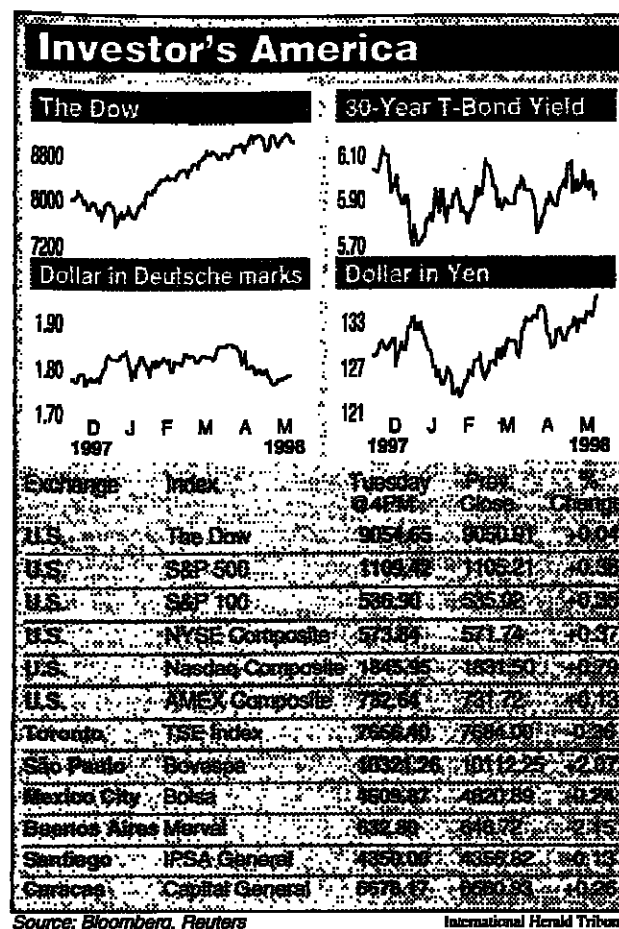
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THE AMERICAS



Very briefly:

- MCI Communications Corp. is considering selling all or parts of its Internet business to allow possible antitrust concerns about its planned merger with WorldCom Inc., sources familiar with the company's plans said. MCI's Internet business accounts for a small but rapidly growing portion of its revenue.
- BAT Industries PLC's British American Tobacco unit will close as many as half of its factories in Latin America over the next 10 years as part of the cigarette company's effort to trim costs by operating fewer but bigger production sites.
- Columbia/HCA Healthcare Corp. will sell 22 hospitals and related facilities in four U.S. states for \$1.2 billion to nonprofit and public hospital organizations as part of its plan to slim down after several years of rapid expansion.
- Intuit Inc., maker of the popular Quicken personal-finance software program, agreed to buy closely held Lacerte Software Corp. and a related services company for \$400 million. It plans a public offering of 8.4 million common shares to pay for the purchase.
- Nationwide Mutual Insurance Co. will begin a \$1.59 billion tender offer for Allied Group Inc., in a rare hostile takeover attempt in the insurance industry. The purchase would help build Nationwide's sales away from the U.S. East Coast, currently its main area of operations.

Du Pont to Take Control of Venture

WILMINGTON, Delaware — Du Pont Co. said Tuesday it was buying Merck & Co.'s 50 percent stake in their pharmaceuticals joint venture for \$2.6 billion.

Full ownership of Du Pont Merck Pharmaceutical Co. is a big step in the effort to concentrate on its life sciences business, Du Pont said.

Du Pont Merck had \$1.3 billion in sales in 1997. Du Pont expects to complete the purchase of Merck's share in July.

Profit-Taking Sets In After Fed Meeting

NEW YORK — Stock prices managed small gains Tuesday, but profit-taking after the Federal Reserve Board left interest rates unchanged wiped out most of the advance.

"Everyone and their brother thought they would do nothing," said Bruce Bittles, a market strategist at J.C. Bradford & Co., but "people held off waiting for the news to come out to sell — you want to sell on good news."

Federal Reserve policymakers have not changed interest rates since

March 1997, when they raised the target rate for overnight loans between banks — the federal funds rate — by a quarter of a percentage point, to 5.5 percent.

The fact that the Fed decided to stay the course reflects low U.S. inflation and signs that Asian economies are in for another round of turbulence, analysts said.

The Dow Jones industrial average closed 3.74 points higher at 9,054.65, and the Standard & Poor's 500-stock index ended up 3.73 at 1,109.55. Gaining issues outnumbered losing ones by a 4-to-3 ratio on the New York Stock Exchange. The price of the 30-year Treasury bond slipped 3/32 point, to 102 22/32, sending the yield up to 5.93 percent from 5.91 percent Monday.

Compuware rose 5/16 to 46 1/2 after the company announced new versions of software for testing year 2000 date-change conversions on computer networks.

Boston Chicken fell 1 1/16 to 3 1/16 after reporting a first-quarter loss of \$312.6 million, compared with a loss of \$21.5 million a year earlier. The results reflected a charge to write down the value of loans to franchisees.

Titan Pharmaceuticals rose 3/4 to 4 1/4 after the company reported encouraging preliminary results from

clinical trials with a pair of its experimental vaccines, for breast cancer and for colon cancer.

Univision Technologies rose 1 1/16 to 2 9/32 after NuVision Technologies said it would bundle Univision's set-top boxes and Internet service with its own video-conferencing systems. The agreement calls for NuVision to buy an initial 1,000 set-top boxes.

L-3 Comm rose 4/8 to 26 1/2; the defense electronics company sold an initial 4.7 million shares.

Dollar Hits 7-Year High Against Yen

NEW YORK — The dollar rose to a seven-year high against the yen Tuesday and is expected to rise further in coming days on speculation that the economic and political crisis in Indonesia will crimp efforts to revive Japan's economy.

"Indonesia is a big problem," said Allan Kabbani, senior trader at

FOREIGN EXCHANGE

First Union Corp. in Charlotte, North Carolina. "Solving it is going to take a while," Mr. Kabbani said the dollar could rise to 138 yen in the coming weeks. The dollar rose to 136.225 yen Monday.

Trouble in Indonesia could hurt the Japanese economy and the yen because Japan is that nation's largest creditor and trading partner. Indonesian companies owe Japanese banks \$23 billion of the \$58 billion owed to foreign lenders, according to the Bank for International Settlements.

The U.S. currency was also helped against the yen amid expectations that Japan's 16.65 trillion yen (\$122 billion) economy-boosting package will not spur recovery. The plan does not include the permanent income tax cuts many economists say are essential to stimulating growth.

"The Japanese government is doing what's necessary to get the economy back on track," said Martin Zimmerman, chief economist at Ford Motor Co. "If you assume they'll continue to be characterized by inaction, the yen will weaken further."

"Even if the Bank of Japan intervenes, it would probably be somewhat fruitless, as it has in the past," said Brian Fabbri, chief economist at Banque Paribas Capital Markets.

The dollar slumped against the Deutsche mark, pressured by comments from a Bundesbank council member, Ernst Welteke, that a small German rate increase to achieve interest-rate convergence before European monetary union starts Jan. 1 could not be ruled out.

The dollar slipped to 1.7832 DM from 1.7857 DM on Monday. It also fell to 5.9810 French francs from 5.9880 francs the previous day and to 1.4308 Swiss francs from 1.4351 francs. The pound eased to \$1.6214 from \$1.6217.

(Bridge News, Bloomberg)

Sharing Kodak Moments by E-Mail

By Mike Mills
Washington Post Service

WASHINGTON — Betting that a picture is worth a thousand e-mail messages, Eastman Kodak Co. said Tuesday it had formed an alliance with America Online Inc. that will let people share family photographs on-line.

"You've Got Pictures," as the service will be called, will allow AOL subscribers to drop off a roll of film at almost any photographing retailer and direct electronic copies of their developed pictures to their AOL mailbox. The service is set to begin in the autumn.

Next to the familiar "You've got mail" sign on AOL's opening screen will be a new box that alerts users to the photographs, which can be viewed within 48 hours after the film is dropped off. The electronic photos then can be sent to other on-line subscribers as e-mail, to be viewed on the screen or printed out.

The service is similar to one already offered on the World Wide Web by PictureVision Inc., a Virginia-based company in which Kodak owns a 51 percent stake. Executives hope that bringing the service to America Online, which has 12 million customers, will create a mass market. America Online also said it was taking a 5 percent stake in PictureVision, which will handle storage of consumers' images and will sell scanning equipment to photo retailers.

Trading photos this way is "going to be equal to, or more popular than, e-mail," said Barry Schuler, president of AOL Interactive Services. AOL subscribers send about 28 million e-mail messages a day.

The new service is aimed at computer and photographic novices — people who lack digital scanners that can transfer a photograph to a computer's memory. Consumers would pay an extra \$5 or \$6 to have the photos turned into e-mail and sent to them by AOL.

All AOL users will be allowed to store an unspecified number of images free of charge for 30 days, company sources said. After that, AOL would charge a per-image storage fee. AOL and Kodak will share all revenue from the project.

To avoid photographic junk mail, each consumer's picture-mail account will be accessible only by the consumer and the AOL-Kodak venture.

Retailers would be compensated for scanning the images and for any reprints they sell. At least initially, consumers would not be allowed to forgo traditional processing and simply order the AOL service. Kodak and AOL officials said. But they would be able to upload any other digital images they have to their AOL "photo album."

Kodak's president, Daniel Carp, said the quality of the digital reprints would be "dam close" to that of traditional processing. But he said keeping negatives was the best way to get the highest quality.

Savvy Microsoft Hires 'Best Lobbyists Money Can Buy'

By Leslie Wayne
New York Times Service

NEW YORK — Whether it is giving free computer software to the Republicans, making hefty campaign contributions or hiring some of Washington's priciest and best-connected lobbyists, Microsoft Corp. is quickly maturing from being a novice in the ways of Washington to one of the most sophisticated players on Capitol Hill.

With the Justice Department and Senate investigators challenging Microsoft's grip on the computer industry, the company has gone on a spending spree in the last few

months in order to gain better access to key lawmakers and regulators. It has even made available to Congress top Microsoft officials, most notably its chairman, Bill Gates, who has star power even among the most jaded of politicians.

"Microsoft has hired lobbyists who know exactly how the Washington game is played and are playing it in a sophisticated way," said Bill Hogan, a director at the Center for Public Integrity, a nonprofit research group. "Microsoft is getting the best lobbyists that money can buy, and they've got a lot of money."

Three years ago, Microsoft had no lobbying office in Washington. It

ranked No. 16 among all computer companies in campaign contributions in the 1991-92 election cycle with a paltry \$53,000 in donations to federal candidates and parties. Today, it is No. 1, having given \$298,219 as of last April in the current election cycle, including some \$99,000 in software to Republicans. Another \$100,000 is also on its way to the Republican National Committee.

Today, Microsoft's lobbying bill runs to the millions — \$1.1 million in 1996 and \$1.9 million in 1997, the most recent year for which data are available. Microsoft's lobbying payroll includes four retired members of Congress; the former Re-

publican National Committee chairman Haley Barbour; scores of former congressional staff members, and several law firms, including the Washington office of Preston, Gates, Ellis & Rouvelas Meeds, where Mr. Gates's father, William Gates 2d, is a partner.

Microsoft is giving more than half of its contributions to Republicans. It has sent Mr. Gates to Washington and New York to promote its Windows 98 software and deflect congressional critics, and it has been clever in selecting whom it supports — key committee chairmen who have extra influence over legislation that affects Microsoft.

AMEX

Tuesday's 4 P.M. Close
The 300 most traded stocks of the day, up to the closing on Wall Street.
The Associated Press.

Stock	Sales	High	Low	Last	Chg
AMEX	118	118	118	118	0
IBM	118	118	118	118	0
Microsoft	118	118	118	118	0
Oracle	118	118	118	118	0
Novell	118	118	118	118	0
Lotus	118	118	118	118	0
Intuit	118	118	118	118	0
Quicken	118	118	118	118	0
Lacerte	118	118	118	118	0
Merck	118	118	118	118	0
Du Pont	118	118	118	118	0
WorldCom	118	118	118	118	0
MCI	118	118	118	118	0
BAT	118	118	118	118	0
Columbia/HCA	118	118	118	118	0
Intuit	118	118	118	118	0
Nationwide	118	118	118	118	0

U. S. STOCK MARKET DIARY

Index	High	Low	Last	Chg
Dow Jones	9054.65	9054.65	9054.65	3.74
S&P 500	1109.55	1109.55	1109.55	3.73
Nasdaq	2088.12	2088.12	2088.12	1.12
AMEX	118	118	118	0
30 Bonds	104.80	104.80	104.80	0
10 Industrials	107.60	107.60	107.60	0

May 19, 1998

High	Low	Last	Chg	Opt
Grains	118	118	118	0
Oil	118	118	118	0
Gold	118	118	118	0
Silver	118	118	118	0
Platinum	118	118	118	0
Palladium	118	118	118	0
Copper	118	118	118	0
Aluminum	118	118	118	0
Zinc	118	118	118	0
Nickel	118	118	118	0
Lead	118	118	118	0
Iron Ore	118	118	118	0
Steel	118	118	118	0
Coal	118	118	118	0
Gas	118	118	118	0
Electricity	118	118	118	0
Heating Oil	118	118	118	0
Gasoline	118	118	118	0
Crude Oil	118	118	118	0
Wheat	118	118	118	0
Corn	118	118	118	0
Soybeans	118	118	118	0
Canola	118	118	118	0
Mustard Seed	118	118	118	0
Sunflower Seed	118	118	118	0
Flax Seed	118	118	118	0
Barley	118	118	118	0
Oats	118	118	118	0
Rye	118	118	118	0
Millet	118	118	118	0
Buckwheat	118	118	118	0
Sorghum	118	118	118	0
Quinoa	118	118	118	0
Amaranth	118	118	118	0
Buckwheat	118	118	118	0
Sorghum	118	118	118	0
Quinoa	118	118	118	0
Amaranth	118	118	118	0

INTERNATIONAL FUTURES

High	Low	Last	Chg	Opt
Grains	118	118	118	0
Oil	118	118	118	0
Gold	118	118	118	0
Silver	118	118	118	0
Platinum	118	118	118	0
Palladium	118	118	118	0
Copper	118	118	118	0
Aluminum	118	118	118	0
Zinc	118	118	118	0
Nickel	118	118	118	0
Lead	118	118	118	0
Iron Ore	118	118	118	0
Steel	118	118	118	0
Coal	118	118	118	0
Gas	118	118	118	0
Electricity	118	118	118	0
Heating Oil	118	118	118	0
Gasoline	118	118	118	0
Crude Oil	118	118	118	0
Wheat	118	118	118	0
Corn	118	118	118	0
Soybeans	118	118	118	0
Canola	118	118	118	0
Mustard Seed	118	118	118	0
Sunflower Seed	118	118	118	0
Flax Seed	118	118	118	0
Barley	118	118	118	0
Oats	118	118	118	0
Rye	118	118	118	0
Millet	118	118	118	0
Buckwheat	118	118	118	0
Sorghum	118	118	118	0
Quinoa	118	118	118	0
Amaranth	118	118	118	0
Buckwheat	118	118	118	0
Sorghum	118	118	118	0
Quinoa	118	118	118	0
Amaranth	118	118	118	0

Stock Indexes

Index	High	Low	Last	Chg	Opt
Dow Jones	9054.65	9054.65	9054.65	3.74	0
S&P 500	1109.55	1109.55	1109.55	3.73	0
Nasdaq	2088.12	2088.12	2088.12	1.12	0
AMEX	118	118	118	0	0
30 Bonds	104.80	104.80	104.80	0	0
10 Industrials	107.60	107.60	107.60	0	0

Commodity Indexes

Index	High	Low	Last	Chg	Opt
Grains	118	118	118	0	0
Oil	118	118	118	0	0
Gold	118	118	118	0	0
Silver	118	118	118	0	0
Platinum	118	118	118	0	0
Palladium	118	118	118	0	0
Copper	118	118	118	0	0
Aluminum	118	118	118	0	0
Zinc	118	118	118	0	0
Nickel	118	118	118	0	0
Lead	118	118	118	0	0
Iron Ore	118	118	118	0	0
Steel	118	118	118	0	0
Coal	118	118	118	0	0
Gas	118	118	118	0	0
Electricity	118	118	118	0	0
Heating Oil	118	118	118	0	0
Gasoline	118	118	118	0	0
Crude Oil	118	118	118	0	0
Wheat	118	118	118	0	0
Corn	118	118	118	0	0
Soybeans	118	118	118	0	0
Canola	118	118	118	0	0
Mustard Seed	118	118	118	0	0
Sunflower Seed	118	118	118	0	0
Flax Seed	118	118	118	0	0
Barley	118	118	118	0	0
Oats	118	118	118	0	0
Rye	118	118	118	0	0
Millet	118	118	118	0	0
Buckwheat	118	118	118	0	0
Sorghum	118	118	118	0	0
Quinoa	118	118	118	0	0
Amaranth	118	118	118	0	0
Buckwheat	118	118	118	0	0
Sorghum	118	118	118	0	0
Quinoa	118	118	118	0	0
Amaranth	118	118	118	0	0

Business Opportunities

Index	High	Low	Last	Chg	Opt
Dow Jones	9054.65	9054.65	9054.65	3.74	0
S&P 500	1109.55	1109.55	1109.55	3.73	0
Nasdaq	2088.12	2088.12	2088.12	1.12	0
AMEX	118	118	118	0	0
30 Bonds	104.80	104.80	104.80	0	0
10 Industrials	107.60	107.60	107.60	0	0

Herald Tribune

Index	High	Low	Last	Chg	Opt
Dow Jones	9054.65	9054.65	9054.65	3.74	0
S&P 500	1109.55	1109.55	1109.55	3.73	0
Nas					

EU and U.S. Seek Ban On Internet Tariffs

Compiled by Our Staff From Various Sources

GENEVA — The United States and the European Union stepped up efforts Tuesday to keep cyberspace a duty-free zone for at least a year, but emerging nations said they had problems with the concept.

U.S. negotiators lobbied envoys from Pakistan and other members of the World Trade Organization, and EU officials indicated they were strongly backing the drive.

The officials were working on the fringes of a three-day WTO conference on how to ensure that world markets stay open and that remaining barriers to trade are lifted in the next century.

The proposed agreement would bar governments for the next year from trying to collect tariffs on computer programs and similar electronic goods delivered across frontiers via the Internet. It would not cover Internet shopping, or the purchase of products that are ordered from a Web site but delivered by traditional, non-electronic means.

U.S. officials have abandoned hope for an immediate agreement permanently banning tariffs and instead are seeking agreement on a ban to be formalized Wednesday, that would run through the next WTO meeting of trade ministers, to take place sometime in 1999.

President Bill Clinton appealed to trade ministers Monday to act on the issue. Tariff barriers should not be the most promising new economic opportunity in decades," he said.

No country has a system in place for charging duties on goods delivered electronically, and many specialists in the field say it would be almost impossible to set one up.

But several of the 132 WTO member nations are wary of being locked into a permanent pact. A Pakistani envoy said his country had concerns, both legally and in principle, about

barring tariffs on Internet sales.

"We ask if such an issue should be parachuted into the WTO at short notice without full consideration of all its aspects," said the Pakistani ambassador to Geneva, Munir Akram. He said even a one-year ban could be difficult for Pakistan.

"We don't know if it is compatible with our laws," Mr. Akram said. But an official from one of the countries undecided on the issue indicated that Washington would probably get a minimal deal, saying, "If those of us who have problems get a little wriggle room, it may be possible."

If completed, the agreement could be the only tangible deal completed at the WTO meeting, which is in part a celebration of the 50th anniversary of the founding of the General Agreement on Tariffs and Trade, the forerunner to the WTO, and is being attended by more than a dozen heads of state.

Charlene Barshefsky, the U.S. trade representative, said, "We have made very significant progress on the question of global electronic commerce here."

Separately, Ms. Barshefsky said Washington was ready to retaliate if the EU continued to block the sale of genetically modified corn from the United States.

She said Washington was "considering all options" to force the EU to open its market to U.S. corn. French-led concerns about the modified corn is unacceptable, U.S. officials say, because EU scientists have already cleared the products for sale.

"The French are holding up marketing approval," Ms. Barshefsky said, "and this threatens a very substantive trade row if these corn varieties are not allowed market availability within the EU."

(Reuters, Bloomberg)



Palestinian High-Tech Drive Starts

Yasser Arafat, flanked by Shimon Peres, right, a former Israeli prime minister, and James Wolfensohn, head of the World Bank, opening a \$50 million fund for high-tech investment in Palestinian territories.

EU Affirms Duty-Free Sales to End

By Barry James

BRUSSELS — European Union finance ministers rejected an attempt Tuesday to preserve duty-free shopping within the EU after June 30, 1999, ignoring industry warnings that ending duty-free sales will cause large job losses.

The European Commission, the EU's executive arm, argues that the duty-free sector distorts competition in the Union's single market. It says the sales at airports and ports or aboard ferry boats deprive governments of more than \$2 billion in tax receipts and encourage the consumption of tobacco and alcohol.

Proponents of the planned European single currency, the euro, say it will make tax and price differences among EU countries immediately apparent and encourage consumers to shop where prices are lowest.

Commission officials rejected the argument of the duty-free industry that as many as 147,000 jobs will be lost if duty-free shopping is ended. The officials pointed to the example of the United States, where many airport terminals are virtual shopping malls without the benefit of such tax inducements.

But the ministers also asked the commission to draw up a list of measures that national governments could take — without spending any EU cash — to mitigate any ill effects of the abolition of duty-free shopping within the 15-nation Union.

The commission says the duty-free industry has had ample time to adapt to new circumstances in the seven years since governments voted to abolish such sales within the EU. Airport stores will continue selling duty-free goods to travelers intending to take their purchases out of the EU.

British Biotech Chief to Quit

Bloomberg News

LONDON — British Biotech PLC said Tuesday that Keith McCullagh, a founder and its chief executive for the past 12 years, would resign after weeks of controversy over claims made by a senior researcher.

The company also said it was seeking a strategic alliance with a major pharmaceutical company in the United States to develop Marimastat, its anti-cancer drug, and that "exploratory discussions" had been under way since early this year.

Mr. McCullagh's decision to step down Sept. 23 came after the company fired Andrew Millar, its former director of clinical research, saying he had improperly disclosed confidential company information. Mr.

Millar in turn accused the company of issuing excessively optimistic statements about its two major drugs in development, Marimastat for cancer and Zalcitabine for pancreaticitis.

Mr. Millar, who ran the company's clinical-trial programs, acknowledged having met secretly with large shareholders to discuss his accusations. The company, which is considered the flagship of Britain's rapidly growing biotechnology research sector, said it would answer the claims in a meeting with analysts June 12. It also said it would dismiss 42 employees, or 14 percent of its staff, to cut operating costs.

British Biotech shares closed at 59 pence, down 3. The shares have lost more than 60 percent of their value since the beginning of February.

Investor's Europe				
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
5400	6200	4200		
5500	5800	3900		
4700	5500	3500		
4550	5000	3300		
4000	5000	3000		
3650	4700	2700		
D J F M A M	D J F M A M	D J F M A M		
1997	1997	1997		
1998	1998	1998		
Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam	AEX	1,177.40	1,151.57	+2.24
Brussels	BEL 20	3,138.15	3,107.50	+0.92
Frankfurt	DAX	5,388.90	5,342.85	+0.86
Copenhagen	Stock Market	729.82	726.77	+0.42
Helsinki	HEX General	4,898.42	4,852.58	+0.93
Oсло	OSX	720.03	717.80	+1.04
London	FTSE 100	5,877.80	5,826.20	+0.89
Madrid	Stock Exchange	958.43	956.71	+1.49
Milano	MBTEL	23630	23153	+2.92
Paris	CAC 40	3,980.84	3,945.31	+0.90
Stockholm	SX 16	4,089.94	4,047.64	+1.29
Vienna	ATX	1,585.58	1,573.93	+0.74
Zurich	SPI	1,730.59	1,688.49	+1.31

The 2,600 most traded stocks of the day.
 Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

Continued on Page 18

Tr: 69

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ASIA/PACIFIC

Suharto Connections Look Like Liabilities

Firms Linked to Leader Are Struggling

Bloomberg News

JAKARTA — Can the web of companies associated with the family and friends of President Suharto survive without him? Don't bet on it, analysts and executives say.

Mr. Suharto's family — with an estimated fortune of at least \$16 billion — has over his 32-year reign built a sprawling industrial empire that dabbles in businesses including flour milling, oil refining, airlines, taxis, toll roads, telecommunications and automaking.

Multinational companies — from General Motors Corp. and Nestle SA to Hopewell Holdings Ltd. — looking to tap into Indonesia's market of about 200 million people have formed relationships with Suharto relatives to ease their way.

With Mr. Suharto saying Tuesday that he planned to step down after elections to pick his successor, the power of the clan built on government contracts and sweetheart loans from banks looks shaky, analysts said. Foreign companies may also have to rethink their strategies for doing business in the world's fourth most populous country.

"The premium attached to first-family connections and first-family franchises is certainly going to evaporate quickly," said Charles Whitworth, head of research at

Jardine Fleming Nusantara, a Jakarta brokerage.

The decline in the fortunes of companies such as PT Bimantara Citra, a media and telecommunications company, and PT Citra Maiga Nusantara, a toll-road company, both run by children of Mr. Suharto, may be among the most visible signs of a dynasty on the wane.

The stock market already reflects that. Bimantara, controlled by Suharto's son Bambang Trihatmodjo. In August, just before the Indonesian economy started its tailspin, its stock was trading at 4,525 rupiah. It finished at 425 rupiah (3.5 U.S. cents) Tuesday, a 91 percent decline. In the same period, the Jakarta benchmark stock index has fallen 33 percent.

Peter Arkell, head of sales at Kleinwort Benson Securities, said, "Fund managers are saying Suharto's going to fall, and one of the biggest companies on the exchange is owned by his son — sell."

Many Indonesians hold Mr. Suharto and his associates responsible for the financial problems that have led to the rupiah losing 80 percent of its value against the dollar in the past year as well as skyrocketing interest rates and the country's first recession in more than three decades.

Critics say nepotism is in large



Stockbrokers protesting near the Jakarta stock exchange Tuesday.

part to blame for the crisis, and companies that once saw a Suharto connection as a ticket to success increasingly see it as a liability.

"It's difficult to say how these companies will find and sustain any new business franchises on the back of the new political environment in which they now find themselves," Mr. Whitworth said.

Foreign companies, too, will have to re-evaluate their ties to the Suharto family, perhaps changing the way they do business in the process.

When GM was looking for a partner, Probstudjo, a half-brother of Mr. Suharto's, seemed a wise choice. In September 1993, the automaker gave Mr. Probstudjo a 40 percent stake in the joint venture PT General Motors Buana Indonesia. General

Motors prospered. In 1997, its first year, it sold 750 vehicles. That rose to 3,600 in 1996 and 4,100 last year.

The link to the Suharto family "certainly hasn't done us any harm," William Botwick, GM's managing director in Jakarta, said this year. In January, though, GM bought out Mr. Probstudjo and took full control of operations.

Northern Telecom Ltd. of Canada wanted to set up a representative office in Jakarta last year. It chose not to align itself with any particular member of the Suharto family, and Malcolm Bayes, the company's Indonesia country manager.

"I think people will not wish to be tied to his family because these types of business will tend to be obstructed by Indonesians," he said.

Estrada Tries To Reassure Big Business In Philippines

By Don Kirk
International Herald Tribune

MAKATI CITY, Philippines — Joseph Estrada, confident he will soon be proclaimed the winner of the presidential election that was held May 11, outlined an economic program Tuesday designed to allay fears of big business while still appealing to those attracted by his populist themes during the campaign.

Mr. Estrada, the country's vice president, told a group that included some of the Philippines' most powerful business leaders that he would follow the policy of the incumbent president, Fidel Ramos, of liberalizing the economy. But he also promised to do away with what he saw as the flaws of the Ramos presidency. The worst failure, he said, was the reliance of Mr. Ramos on "pork-barrel politics" to persuade an often recalcitrant Congress to support his policies.

"I will see to it that the pork barrel is abolished," Mr. Estrada said. Maintaining that at least 45 percent of the money the government spent on special projects was wasted in bribes and other forms of corruption, he vowed, "I will not be playing politics with them."

Mr. Estrada also promised to reduce the country's growing budget deficit, which he said reached \$326 million in the first quarter.

The vice presidential candidate on Mr. Estrada's ticket, Edgardo Angara, warned that the Philippines was in danger of economic turmoil similar to that engulfing other Asian countries, notably Indonesia, Thailand and South Korea. Underlining his remarks Tuesday, the Philippines stock exchange fell to its lowest level since Feb. 17, closing at 2,068.91, down 27 percent.

Calling the budget deficit "really staggering," Mr. Angara said, "We need to streamline our government to be more efficient."

Mr. Angara is expected to play a leading role in designing Mr. Estrada's economic policies even though he is thought to have little chance of becoming vice president.

Voters in the Philippines can split their ballots, and partial returns show he is running behind Gloria Macapagal-Arroyo, a popular senator and daughter of a former president.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
19500	2300	17600
12000	1300	17000
11000	1200	16000
10000	1100	15000
9000	1000	14000
8000	900	13000
7000	800	12000
6000	700	11000
5000	600	10000
4000	500	9000
3000	400	8000
2000	300	7000
1000	200	6000
0	100	5000
1997	1997	1997
D J F M A M	D J F M A M	D J F M A M
Exchange	Index	Tuesday Close
Hong Kong	Hang Seng	9,449.11
Singapore	Straits Times	1,278.62
Sydney	All Ordinances	2,742.00
Tokyo	Nikkei 225	15,551.65
Kuala Lumpur	Composite	554.42
Bangkok	SET	346.46
Seoul	Composite Index	362.53
Taipei	Stock Market Index	8,138.27
Manila	PSE	2,068.91
Jakarta	Composite Index	413.82
Wellington	NZSE-50	2,212.82
Bombay	Sensitive Index	3,942.42
		Prev. Close
		% Change
		+0.38
		-1.02
		+0.32
		+1.08
		+0.81
		-3.01
		+0.96
		+0.02
		-2.66
		+8.40
		-0.34
		+0.97

Very briefly:

• Japan's investment trusts, which are akin to mutual funds, rose 9.1 percent in value in April from the previous month, to 41.98 trillion yen (\$310.9 billion), the first increase since January, as companies channeled funds into money market accounts at the start of the new fiscal year.

• Pioneer Electronic Corp.'s profit more than doubled in the year to March 31, to 6.16 billion yen, helped by restructuring measures that included a work force cut of 1,000 employees, to 7,100.

• Victor Co. of Japan, a unit of Matsushita Electric Industrial Co., had a net loss of 4.7 billion yen in the year to March, compared with a profit of 4.6 billion yen a year earlier, on slack consumer electronics demand and declining prices.

• Nikko Europe PLC, the European arm of Nikko Securities Co., agreed to buy RoadChef PLC, Britain's third-largest motorway services company, for about £175 million (\$283.7 million).

• Development Bank of Singapore Ltd., bowing to a surge in benchmark interbank interest rates, raised its prime rate, the rate it charges its best customers, by half a percentage point, to 7.5 percent. The increase comes amid concern about political and economic strife in Indonesia, which has weakened the Singapore dollar against the U.S. dollar.

• Westpac Banking Corp. posted a 4.4 percent increase in first-half profit, to 666 million Australian dollars (\$413.7 million), as gains from its recent Bank of Melbourne and New Zealand acquisitions offset tough trading conditions in Australia.

• Kokusai Denshin Denwa Co., Japan's main telecommunications provider overseas, postponed its planned merger with a Toyota Motor Corp. affiliate, Teleyway Corp., until Dec. 1 after talks hit a snag over the exchange of shares.

• Telecom Corp. of New Zealand reported a net profit of 820 million New Zealand dollars (\$436.8 million) for the year that ended March 31, up 41 percent from last year. Revenue rose 10 percent, to 3.4 billion dollars, amid high growth in cellular and other services.

Sanctions Goad India Into Opening Economy

Bloomberg News

BOMBAY — The threat of sanctions after India's recent nuclear tests may have helped the country's economy and stocks by prompting its government to speed the opening of the economy.

On Friday, India approved at least 50 foreign-investment projects to compensate for a loss of aid from Japan and the United States. The projects, some of which had been delayed by bureaucratic bottlenecks for more than a year, included power plants and mining and oil-exploration ventures.

"What we saw last week was a clear attempt to remove all procedural hurdles, to smoothen foreign investments," said Saugata Bhattacharya, an analyst at Investment Research & Information Services

Ltd. in New Delhi. "I hope they open up the economy, using this as an excuse."

The government also could allow private companies to own as much as 89 percent of new ports, and it will allow foreign companies to own as much as 74 percent of highway projects, according to press reports this week.

The Bombay stock index, in an apparent response to the moves, rose a total of 1.94 percent Monday and Tuesday after falling 4 percent last week. India's currency, the rupee, has recovered somewhat since last week's 2 percent slide after the nuclear tests. On Tuesday, the stock index closed at 3,942.42, up 0.87 percent, while the dollar slipped to 40.49 rupees from 40.50 rupees Monday.

The government stands by its goal of helping the economy grow 7 percent in the year ending in March 1999, after growth slowed to 5 percent in the last fiscal year. To do that, it must replace the lost aid, said Jaswant Singh, deputy chairman of the commission that drafts India's economic strategy.

The sanctions may result in higher costs for overseas borrowing. Indian companies may have to look to European banks for loans instead of U.S. banks, which lent at least \$2 billion to the Indian government last year, according to data from the U.S. State Department.

Lenders will "make the best of the opportunity to dictate the cost of funds," said Dhaval Shah, a currency analyst at HDFC Bank Ltd. Among the companies that get cheap loans

from American and Japanese aid organizations are Industrial Development Bank of India and Industrial Credit & Investment Corp., and State Bank of India, a commercial bank.

No Change, Boeing Says

Boeing Co.'s business in India has not been affected by economic sanctions imposed on the country by the United States last week, Dinesh Keskar, Boeing India's president, said, according to a Reuters report.

"Sanctions do not affect our ability to sell airplanes to any carrier in India," Mr. Keskar said. Newspapers had reported that the aircraft maker's chances of winning a contract to sell 23 medium-capacity long-range aircraft to Air India had diminished because of the U.S. sanctions.

Japan Builders Hit With Losses

Compiled by Our Staff From Dispatches

TOKYO — A set of gloomy earnings results released Tuesday by Japan's top construction companies reflected the difficulties they face as they try to shore up their weakened finances.

Kajima Corp. said it would follow rivals Shimizu Corp. and Taisei Corp. in taking an extraordinary loss this business year, citing the need to win back investors' trust.

Analysts said such losses would accelerate a shakeout of the industry that will leave weaker builders behind. Obayashi Corp. was the only one of the four not planning to take an extraordinary loss.

Kajima announced it would take an extraordinary loss of 210 billion yen (\$1.56 billion) this business year, which would force the firm into a loss on a parent net basis

for the first time since listing in 1961.

Builders expressed hope that planned government public spending of about 8 trillion yen would help support business in the latter half of 1998-99, but said that this alone would not lead to a quick business recovery.

Obayashi said it had a 19.4 percent fall in parent pretax profit to 23.72 billion yen in 1997-98 and forecast a fall to 23 billion yen for this financial year.

Shimizu Corp. has indicated it plans to take extraordinary losses of about 220 billion yen to March 1999, while Taisei took a loss of 125 billion yen in 1997-98.

Shimizu had a 9.8 percent drop in current profit, to 23.08 billion yen, in 1997-98. Taisei posted a parent net loss of 112.27 billion yen in 1997-98, the first such loss since its listing in 1957. (Reuters, AFP)

SCARDINO: A Drive to Make Pearson No. 1

Continued from Page 13

goal, one close associate said, of realizing double-digit annual growth for Pearson by refocusing the conglomerate's far-flung businesses into a sharper media orientation. She has, and as a result the company's stock, which in August 1997 stood at 666 pence (\$10.85) a share, has since jumped 56 percent to close at \$10.36 on Tuesday.

Mrs. Scardino set out to get rid of some assets that she or Pearson felt could not achieve much more while consolidating others into strong businesses that lead in their fields. The strategy, as outlined by Mrs. Scardino, is to focus on specific areas of growth including trade publishing, educational publishing and financial information, either in print, such as the Financial Times, or in electronic form.

That includes a \$170 million investment to try to expand the U.S. circulation of the Financial Times to 100,000 from 30,000 — an effort now well under way, as the newspaper's circulation in the United States has risen to 55,000.

"For Pearson, the U.S. is a huge market, and its appetite for business information is unrivaled anywhere," she said this week. "We are appealing to people truly interested in international business."

Analysts have speculated that Mrs. Scardino, who has said she only will keep assets that are directly managed by Pearson, may move to sell the company's stake in "passive" investments over which the company has no management control, such as its stake in The Economist or properties such as Madame Tussaud's.

Since she took over as CEO, Mrs. Scardino has sold £700 million in assets. A former lawyer and newspaper publisher, Mrs. Scardino has compiled an impressive record of success, the most important of which may

have been to build up the circulation of The Economist magazine in the United States during the nine years she served as chief executive of The Economist Group.

Before that, she published a small newspaper in Savannah, Georgia, with her husband that won a Pulitzer Prize. She was also a partner in a law firm there.

Analysts say that perhaps her best asset is her American identity and experience, which allowed her to arrive in England without the emotional baggage that has saddled previous managers of the conglomerate she now runs. She served notice that there would be no sacred cows and that nonperforming assets would go.

She has installed two other Americans on the management team of six that runs Pearson. They are Michael Lynton, who manages Penguin, and Peter Jovanovich, the chief executive of Addison Wesley Longman who has been named to head the merger of Addison with Simon & Schuster's education division.

Mrs. Scardino and her team immediately set some high goals for the new merger, including annual cost savings of \$130 million by 2000 through "back office synergies" involving production, distribution, central management, property and administration. It was not clear what layoffs or job cuts might be in store, although some analysts say they expect some similar imprints to be combined or eliminated.

Since she burst onto the London corporate scene, Mrs. Scardino has steadfastly refused to talk about her gender, personal life or family and has rarely granted interviews that departed from discussing business.

Asked whether she was pleased by the improved regard in which she now seems to be held by the British press, she said: "It's not personal. They think we have done good things and produced some results. That's all."

TV: Documentaries Take Off

Continued from Page 13

Geographic producer. "Now, given the competition from the news networks and other broadcasters, we can turn around a story in three days, from conception to airing."

As part of a recent slate of programs headed by celebrated explorer, National Geographic has signed on Robert Montgomery, managing director of Kagan World Media, a media consulting firm in London.

"For all the new channels sprouting up in Europe and elsewhere, producing a reasonably priced slate of programs to fill air time," Mr. Montgomery said.

The race to create compelling programs has forced documentary suppliers to try to speed production and bid against one another for documentary filmmakers.

"Ten years ago, we could afford to wait and take our time to produce a program," said Mr. Rosenfeld, the National

Geographic producer. "Now, given the competition from the news networks and other broadcasters, we can turn around a story in three days, from conception to airing."

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NASDAQ

Tuesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Chge
ABC									
1	100	90	ABC	2.5	15	100	90	95	+5
2	110	100	DEF	3.0	12	110	100	105	+5
3	120	110	GHI	1.5	20	120	110	115	+5
4	130	120	JKL	4.0	10	130	120	125	+5
5	140	130	MNO	2.0	18	140	130	135	+5
6	150	140	PQR	3.5	14	150	140	145	+5
7	160	150	STU	1.0	25	160	150	155	+5
8	170	160	VWX	4.5	9	170	160	165	+5
9	180	170	YZA	2.5	16	180	170	175	+5
10	190	180	BCD	3.0	13	190	180	185	+5

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Chge
11	200	190	EFG	1.5	22	200	190	195	+5
12	210	200	HIJ	4.0	11	210	200	205	+5
13	220	210	KLM	2.0	19	220	210	215	+5
14	230	220	NOP	3.5	15	230	220	225	+5
15	240	230	QRS	1.0	26	240	230	235	+5
16	250	240	TUV	4.5	10	250	240	245	+5
17	260	250	WXY	2.5	17	260	250	255	+5
18	270	260	ZAB	3.0	14	270	260	265	+5
19	280	270	CDE	1.5	23	280	270	275	+5
20	290	280	FGH	4.0	12	290	280	285	+5

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Chge
21	300	290	IJK	2.0	20	300	290	295	+5
22	310	300	LMN	3.5	16	310	300	305	+5
23	320	310	OPQ	1.0	27	320	310	315	+5
24	330	320	RST	4.5	11	330	320	325	+5
25	340	330	UVW	2.5	18	340	330	335	+5
26	350	340	XYZ	3.0	15	350	340	345	+5
27	360	350	ABC	1.5	24	360	350	355	+5
28	370	360	DEF	4.0	13	370	360	365	+5
29	380	370	GHI	2.0	21	380	370	375	+5
30	390	380	JKL	3.5	17	390	380	385	+5

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Chge
31	400	390	MNO	1.0	28	400	390	395	+5
32	410	400	PQR	4.5	12	410	400	405	+5
33	420	410	STU	2.5	19	420	410	415	+5
34	430	420	VWX	3.0	16	430	420	425	+5
35	440	430	YZA	1.5	25	440	430	435	+5
36	450	440	BCD	4.0	14	450	440	445	+5
37	460	450	EFG	2.0	22	460	450	455	+5
38	470	460	HIJ	3.5	18	470	460	465	+5
39	480	470	KLM	1.0	29	480	470	475	+5
40	490	480	NOP	4.5	13	490	480	485	+5

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Chge
41	500	490	QRS	2.5	20	500	490	495	+5
42	510	500	TUV	3.0	17	510	500	505	+5
43	520	510	WXY	1.5	26	520	510	515	+5
44	530	520	ZAB	4.0	15	530	520	525	+5
45	540	530	CDE	2.0	23	540	530	535	+5
46	550	540	FGH	3.5	19	550	540	545	+5
47	560	550	IJK	1.0	30	560	550	555	+5
48	570	560	LMN	4.5	14	570	560	565	+5
49	580	570	OPQ	2.5	21	580	570	575	+5
50	590	580	RST	3.0	18	590	580	585	+5

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Chge
51	600	590	UVW	1.5	27	600	590	595	+5
52	610	600	XYZ	4.0	16	610	600	605	+5
53	620	610	ABC	2.0	24	620	610	615	+5
54	630	620	DEF	3.5	20	630	620	625	+5
55	640	630	GHI	1.0	31	640	630	635	+5
56	650	640	JKL	4.5	17	650	640	645	+5
57	660	650	MNO	2.5	22	660	650	655	+5
58	670	660	PQR	3.0	19	670	660	665	+5
59	680	670	STU	1.5	28	680	670	675	+5
60	690	680	VWX	4.0	18	690	680	685	+5

NYSE

Tuesday's 4 P.M. Close
(Continued)

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Chge
61	700	690	YZA	2.0	25	700	690	695	+5
62	710	700	BCD	3.5	21	710	700	705	+5
63	720	710	EFG	1.0	32	720	710	715	+5
64	730	720	HIJ	4.5	19	730	720	725	+5
65	740	730	KLM	2.5	23	740	730	735	+5
66	750	740	NOP	3.0	20	750	740	745	+5
67	760	750	QRS	1.5	29	760	750	755	+5
68	770	760	TUV	4.0	20	770	760	765	+5
69	780	770	WXY	2.0	26	780	770	775	+5
70	790	780	ZAB	3.5	22	790	780	785	+5

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Chge
71	800	790	CDE	1.0	33	800	790	795	+5
72	810	800	FGH	4.5	21	810	800	805	+5
73	820	810	IJK	2.5	24	820	810	815	+5
74	830	820	LMN	3.0	21	830	820	825	+5
75	840	830	OPQ	1.5	30	840	830	835	+5
76	850	840	RST	4.0	22	850	840	845	+5
77	860	850	UVW	2.0	27	860	850	855	+5
78	870	860	XYZ	3.5	23	870	860	865	+5
79	880	870	ABC	1.0	34	880	870	875	+5
80	890	880	DEF	4.5	24	890	880	885	+5

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Chge
81	900	890	GHI	2.5	25	900	890	895	+5
82	910	900	JKL	3.0	22	910	900	905	+5
83	920	910	MNO	1.5	31	920	910	915	+5
84	930	920	PQR	4.0	23	930	920	925	+5
85	940	930	STU	2.0	28	940	930	935	+5
86	950	940	VWX	3.5	24	950	940	945	+5
87	960	950	YZA	1.0	35	960	950	955	+5
88	970	960	BCD	4.5	25	970	960	965	+5
89	980	970	EFG	2.5	26	980	970	975	+5
90	990	980	HIJ	3.0	23	990	980	985	+5

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Chge
91	1000	990	KLM	1.5	32	1000	990	995	+5
92	1010	1000	NOP	4.0	24	1010	1000	1005	+5
93	1020	1010	QRS	2.0	29	1020	1010	1015	+5
94	1030	1020	TUV	3.5	25	1030	1020	1025	+5
95	1040	1030	WXY	1.0	36	1040	1030	1035	+5
96	1050	1040	ZAB	4.5	26	1050	1040	1045	+5
97	1060	1050	CDE	2.5	27	1060	1050	1055	+5
98	1070	1060	FGH	3.0	24	1070	1060	1065	+5
99	1080	1070	IJK	1.5	33	1080	1070	1075	+5
100	1090	1080	LMN	4.0	25	1090	1080	1085	+5

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Chge
101	1100	1090	OPQ	2.0	30	1100	1090	1095	+5
102	1110	1100	RST	3.5	26	1110	1100	1105	+5
103	1120	1110	UVW	1.0	37	1120	1110	1115	+5
104	1130	1120	XYZ	4.5	27	1130	1120	1125	+5
105	1140	1130	ABC	2.5	28	1140	1130	1135	+5
106	1150	1140	DEF	3.0	25	1150	1140	1145	+5
107	1160	1150	GHI	1.5	34	1160	1150	1155	+5
108	1170	1160	JKL	4.0	26	1170	1160	1165	+5
109	1180	1170	MNO	2.0	31	1180	1170	1175	+5
110	1190	1180	PQR	3.5	27	1190	1180	1185	+5

12 Month	High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Chge
111	1200	1190	STU	1.0	38	1200	1190	1195	+5
112	1210	1200	VWX	4.5	28	1210	1200	1205	+5
113	1220	1210	YZA	2.5	29	1220	1210	1215	+5
114	1230	1220	BCD	3.0	26	1230	1220	1225	+5
115	1240	1230	EFG	1.5	35	1240	1230	1235	+5
116	1250	1240	HIJ	4.0	27	1250	1240	1245	+5
117	1260	1250	KLM	2.0	32	1260	1250	1255	+5
118	1270	1260	NOP	3.5	28	1270	1260	1265	+5
119	1280	1270	QRS	1.0	39	1280	1270	1275	+5
120	1290	1280	TUV	4.5	29	1290	1280	1285	+5

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WORLD ROUNDUP

Ukrainian Captures Lead in Tour of Italy

CYCLING Sergei Gontchar of Ukraine snatched the pink jersey of the overall leader from Alex Zülle of Switzerland following a spill that split the group in two during the third stage of the Giro d'Italia on Tuesday. The stage was won by Nicola Minali of Italy.

Gontchar, who trailed Zülle by only one second at the start of the stage, crossed the finish line 13 seconds ahead of the Swiss ace, who was delayed by the fall of four cyclists.

Minali, of the Riso Scotti team, completed the 196-kilometer (121.5-mile) stage from Rapallo to Forte dei Marmi in four hours, 44 minutes and 34 seconds. (AP)

Marlins' Fans File Suits

BASEBALL Angered by the dismantling of their championship team, two Florida Marlins season-ticket holders filed separate lawsuits against the club Monday — the first day court was open after the seven-player trade Friday night with the Los Angeles Dodgers that left Florida's roster with even fewer of last year's players.

"I feel like I've been lied to," said Octavio Fernandez, 33, whose suit in Dade County Circuit Court accused the Marlins of false advertising.

Henry Handler, 44, an attorney, filed a breach-of-contract lawsuit in Palm Beach County Circuit Court.

Two position players remain from the starting lineup in Game 7 of the World Series. Florida dumped 12 players from its roster to cut the payroll from \$53 million at the end of 1997 season to \$24 million. (AP)

Sprewell Strikes Again

BASKETBALL The National Basketball Association says Latrell Sprewell plans to sue for damages stemming from his suspension for choking the Golden State Warriors' head coach, P. J. Carlesimo.

"We have been informed by attorneys representing Latrell Sprewell that they are planning to file a lawsuit based upon a claim that Dean Sperick's arbitration award, which upheld a suspension of 68 games, somehow violated Sprewell's rights, the antitrust laws and the labor laws," Jeffrey Mishkin, the NBA's chief legal officer, said in a statement.

"Any such claim would be totally absurd," the statement concluded. (AP)

Lakers Improve, But Utah Takes 2-0 Series Lead

By Mike Wise
New York Times Service

SALT LAKE CITY — They stayed close, letting Shaquille O'Neal take out all his aggression while the Los Angeles Lakers finally proved they belong in the Western Conference finals.

The Utah Jazz, like an undersized, savvy heavyweight trying to tire out a younger and stronger challenger, waited. And waited. Midway through the fourth quarter, the Jazz made their

NBA PLAYOFFS

move. And the Lakers reverted back to that old, composure-challenged team you once knew.

Karl Malone scored 33 points, John Stockton added 22, and Utah took a 2-0 lead in the conference finals with a 99-95 victory over the Lakers.

The series shifts to Los Angeles for Games 3 and 4 beginning Friday, and four days may not be enough time to repair the Lakers' damage.

Leading 75-72 with 10 minutes, 15 seconds remaining, Utah went on an 11-0 run over the next five minutes. Chris Morris had two baskets inside, and the Lakers waited the cause with three straight turnovers.

The Lakers then came back from an 83-75 deficit, cutting the margin to 90-88 with less than 3 minutes left on a 5-foot jump hook from O'Neal, but the Jazz's experience down the stretch was too much.

After his team was blown out by 35 points in Game 1, O'Neal was back to his old forceful self again. He dominated inside, ending with 31 points. Most of his field-goal attempts came within 2-3 feet of the rim, as Jazz players simply could not keep him out of the key.

But they did what they had to with the game on the line, pushing, shoving and putting a forearm into the 7-foot-1-inch, 320-pound (2.16-meter, 144-kilogram) center's back as he bulled his way toward the goal.

About the same time the Lakers rediscovered their ability to disrupt an offense, their turbo-octane transition game returned, too.

When they weren't running down the floor, they were floating toward the rim. Kobe Bryant's breathtaking dunk on the left side with 3 minutes left in the second quarter — he threw the ball down after basically petrifying Bryon Russell with a crossover dribble — typified Los Angeles' resurgence.

For a few moments, Eddie Jones found his confidence. The lithe Laker shooting guard struggled to get six points in Game 1 before going strong to the basket in Game 2, when he scored 17 points.



Shaquille O'Neal of the Lakers shooting over Greg Ostertag of the Jazz.

But the Jazz never let the Lakers completely take control. With 35.5 seconds left in the third quarter, Jeff Hornacek tied the game at 69-69 with a layup underneath Elden Campbell. For all their effort, the Lakers held a one-point lead heading into the final quarter.

Without O'Neal, they would have been in far worse shape.

O'Neal returned from what he called his most inept game as a pro, a debacle that included seven turnovers and 6-for-16 shooting from the field. He had 19 points by halftime Monday night (his Game 1 total), and the Lakers repelled the Jazz as best they could to lead 50-49.

The hyperbole leading up to Game 2 included O'Neal's saying he would begin "flaring his elbows" in response to Utah's physical play. Perhaps to quell that thought, the league assigned one of its most intolerant referees crews.

Between them, the officials Steve Javie, Terry Durham and Bill Oakes called a technical apiece on Malone and Greg Foster in the game's first eight minutes and made sure any contact in the low post resulted in a personal foul.

Will Champions Cup Bring Back Beauty?

Juve-Real Match Could Be One for the Books

By Rob Hughes
International Herald Tribune

AMSTERDAM — As the temperature soars through the retractable roof of the remarkable ArenA stadium here, is it too much to hope that Wednesday's European Champions Cup final between Real Madrid and Juventus will raise the game to a memorable height?

If there is beauty still in the soccer business, these are the teams and this is the moment to show it.

Real Madrid is an inconsistent team of consummate talents. Juventus is the most reliable collective force in the modern game. And if Real is to recapture the glory of 40 years ago, when the European Cup seemed to be its personal property, it has to thrill us, has to express its attacking skills to the full.

Early this season, Madrid had an irresistible forward momentum. But it lost that to a degree, which means that win or lose Wednesday, its German coach, Jupp Heynckes, will be history the next day. Too late for him, but perhaps in time for themselves, the stars of Real Madrid need to perform in Amsterdam, to go for the relative weakness of Juventus, its defense.

If that happens, and if Juve responds in kind, we really could be turning back the clock not merely to when Real's white shirts were the purest form of movement on grass, but even to the final night of Madrid's reign — a bewitching 7-3 victory in the 1960 final in Glasgow over Eintracht Frankfurt.

One of the more intriguing man-to-man duels will pit Edgar Davids of Juventus against Clarence Seedorf of Real for the midfield terrain. They are young, gifted and black. They grew up together in Amsterdam in the Ajax academy and, like so many great names, were sold to the lords of the Continent.

Davids quit Holland's camp claiming that racism among his countrymen was keeping him out. Seedorf tried to be the appeaser, tried to ease the pains of his friend, Seedorf, you see, is a more worldly man, even though he is now 22. Davids is three years older.

When the pair flew the Ajax nest a few years ago, Seedorf had a season in Genoa with Sampdoria before finding his level at Real Madrid, for whom he scored from 45 meters one of the most astonishing goals that club has known.

Davids had a tougher time with AC Milan, being labeled a "rotten apple" by Billy Costacurta, a defender, and feeling isolated and victimized again until Marcello Lippi, the Juventus coach, gambled \$5.5 million on being able to harness Davids' strengths.

Some judge, and some mentor, is Si-

gnor Lippi. Davids swiftly became not only an asset but the force — restless energy converted to tireless ball-winning power — that turned Juve's season from a period of uncharacteristic vulnerability into the potential champion once more. He rejuvenated Juventus, and Juventus salvaged the potential in him.

The Seedorf-Davids homecoming is close to the core of Wednesday's match. But they are not, by any means, the major players or the most likely match-winners. These are clubs so extravagantly funded, so steeped in expectation and motivation, that there are individuals from around the world in key positions.

For Juventus, and for any team, no one has scored more European goals than Alessandro Del Piero. He has an eye for a chance others never see. He has a right foot that can caress a ball through balletic arched flight into a tiny gap, and an ability to time his shots with a force up to 128 kilometers per hour (80 mph). And he can make colleagues play, help to make Filippo Inzaghi a hat-trick man to confound those of us who thought him too lightweight for Juventus.

Behind them, cunning in mind and sinewy in motion, Zinedine Zidane is a Frenchman par excellence. Didier Deschamps a workman who holds the strategy together. Angelo Di Livio "the little soldier" tireless in his running. At the back, Paolo Montero is a forbidding Uruguayan guard, and Angelo Peruzzi an acrobatic goalkeeper.

Real Madrid would be frightened were it not for the Latin flair, bordering on arrogance, in its ranks. It boasts forwards to spare, but may opt Wednesday for Predrag Mijatovic, a Montenegro who can shoot a goal the way a sniper might take a life, together with Fernando Morientes, a powerful young Spaniard preferred to Davor Suker, a Croat.

Their prompt, Raul Gonzales Blanco, arguably the finest creative talent in Spain, is a player in search of a great night of confirmation. To the left, Roberto Carlos is the Brazilian with the best left foot in the world, a positive spirit who can change a game quicker than most men change coats. On the right, Christian Karembeu provides energy, at the back, Fernando Hierro is Montero's equivalent, and Bodo Illgner, the goalkeeper, has commanding German order.

The teams are matched. Juventus might pack a wide midfield to block off Real's impetus down the flanks but, with any luck, ambition will stimulate an end-of-season finale that lives long in the memory.

Rob Hughes is on the staff of The Times of London.

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OBSERVER

Life Among the Swells

By Russell Baker

NEW YORK — Whenever I need to feel humble I get the car out and head for Nantucket. I keep a house there. Some people keep a child or two in college, poor devils. Instead, I keep a house in Nantucket.

It's a lot cheaper. For one thing, a house doesn't insist on being flown home 12 times a year, to France every summer and to India for occasional mystic regeneration. So I keep this house, which I bought for \$39.99.

All right, \$139.99. That was several years ago. Nantucket was still undiscovered by Town & Country, Wall Street and Texans with private jets big enough to carry 250 passengers. Nobody went to Nantucket in those days. It was world-famous for being a place nobody went to. That's why I went.

The lure of not having to compete with Steven Spielberg and Henry Kissinger for a restaurant table was irresistible. "And the beauty part," said the real estate agent, "is, you'll never have to stand around at sundown holding a wine spritzer and chatting up Barbra Streisand and Robert McNamara."

With houses selling for \$139 and down, it was a Paradise for nobodies. Who cared if the wind was sometimes so fierce that you had to keep your mouth shut to keep from having your tongue blown back down your throat?

Then, one morning several years ago, just at breakfast time, catastrophe!

An investment banker phoned me at home. He was in Nantucket toting a trunk filled with money and had seen my house, and would I take \$900,000 for it before

finishing my coffee? As it must on all splendid unruined places, Big Bad Money had landed on Nantucket.

I might have sold despite knowing it would be indecent to make a profit of \$899,860.01 on an investment of \$139.99. But then, aren't there things more precious than wealth?

It was immediately clear that a Nantucket house would soon become a priceless spiritual asset. With all that money and all that chic pouring in on the island, it would be the perfect place to hunker down whenever arrogance began to warp my character.

I am there at this very moment. All around me, \$139.99 houses are being gutted, rebuilt and expanded at the pleasure of people who use million-dollar bills to ignite their fireplace kindling.

Neighboring houses that once were normal house-size houses housing people to whom \$139.99 was real money are being reborn as mansions to advertise the power of warriors who have conquered Wall Street.

It's not altogether clear how long my \$139.99 house will be tolerated in its gutted, unexpanded, unredecorated condition. I bought it out of a weakness for places that nobody goes to, and it looks like a relic of Nantucket's nobody era.

Now the island has been commandeered by Somebodies. I'm not saying they'd get together and burn my house. I wouldn't be surprised, though, if I arrived on the island one of these days and found they'd had it rebuilt, doubled in size and redecorated half to death. Just to save the neighborhood from shame.

New York Times Service

When Journalism Takes a Back Seat to Business

By Robin Pogrebin
New York Times Service

NEW YORK — Madonna wanted a contract. She would pose for Rolling Stone's 30th anniversary cover story on women in rock under certain conditions — several single-spaced, typed pages of them to be exact. Among her terms: she could approve the layout, approve the photographs and own the copyright to the photographs.

The magazine said no to layout approval but relented on the photo approval and the copyright, and she appeared on the cover last fall, along with the singers Tina Turner and Courtney Love.

So it often goes in the world of the celebrity magazine cover. Madonna's negotiation is just one example of how stars are gaining control over the way magazines present their images and how magazines have come to accommodate them.

Magazines and stars have always been engaged in a dance of mutual self-interest. But as publications have become more desperate to sell their covers in an intensely competitive marketplace, stars and their publicists have grown more powerful. The result has been an increasingly cozy, complicated relationship between the two sides that publicists say is good business but that many editors believe has spun out of control.

"It's a quagmire," said Michael Caruso, editor of Details magazine and a veteran of Los Angeles magazine and Vanity Fair. "The balance of power has shifted from a time when movie stars needed magazines to vice versa. There are certain unwritten things that were absolutely verboten — and those keep seeming to be chipped away at."

Concessions that might have been out of the question a few years ago — giving publicists approval over writers, photographers and sometimes quotations — are now common, according to interviews with editors, writers, publicists and Hollywood executives.

Along the way, publicists say they have learned not only how to divvy up access to stars, but also how to ensure that articles convey the right message. "It has reached the point where anything I read I presume has been affected in some way, that it has been negotiated, transformed, that there are many hands on it," said Terry Press, the head of marketing at DreamWorks SKG, the film studio. "As a result, every profile reads the same, because all the information in them is parceled out and controlled."



Graydon Carter, left, editor of Vanity Fair, and Michael Caruso, editor of Details.

The issue was raised recently when Jerry Seinfeld obtained a copy of Vanity Fair's cover profile of him before publication. The magazine accused the writer, Lynn Hirschberg, of giving him the piece. She denied it. But one thing was not in dispute: The comedian asked Hirschberg to make changes in the article — albeit relatively minor ones — and she tried to accommodate him, without alerting her editor to Seinfeld's involvement.

Allowing subjects to read a piece before publication seems to be the exception — but it happens. "We've gotten pieces in advance a number of times," said Harvey Weinstein, co-chairman of Miramax, a film distributor. "We've also gotten things read to us as an accommodation. There is some flexibility that I've seen, and that is not a bad thing, because it's a way of correcting gossip, which is deadly."

Some publicists give a magazine rigid parameters about what questions a reporter can ask or what sources can be interviewed. Publicists barter with magazines — "I'll give you this big star if you feature this little star."

For photo shoots, publicists have been known to specify a celebrity's makeup, clothing and food preferences — even the lenses a photographer will use. "For too many publications, it's almost like the battle

is over and the celebrities and publicists have won," said Landon Jones, who edited People magazine from 1989-97 and is now vice president of strategic planning at Time Inc.

Magazines say they have no choice but to put celebrities on their covers. With an increasing number of magazines and television news-magazine shows with raging celebrity appetites, magazines are fighting for attention in a culture that cannot seem to get enough of famous faces. "We've gained ground because it's a fact: Celebrities sell everything from magazine covers to cereal," said Leslie Dart of the publicity firm PMK.

Esquire is one of them. "It's something we wrestle with every day, in every meeting," said its editor, David Granger. "Whether you can accurately reflect what's in the magazine when you have to put someone famous on your cover every month."

Many publishing companies have hired in-house people whose job is strictly to deal with Hollywood and negotiate covers. At Esquire, that person is Lisa Hintelmann, who has the advantage of having been on the other side; she used to work for PMK. "It's ludicrous," she said of the process. "On an average cover, the number of phone calls back and forth totals about 50, over several months." Publicists do not hold all the cards. They

need magazines more than ever. Because movies have become so costly to produce, the stakes of promotion have become much higher. That pressure has created another dynamic. Magazines are having a more difficult time securing exclusive arrangements with stars.

"This is where freedom of the press stops," Pat Kingsley of PMK said. "They say, 'But you can't do any other covers before ours,' and I say, 'Well, that's the way the game is.' Advertising is so expensive that you've got to have more publicity than that."

Of course, magazines that cannot get interviews with certain big-time stars often write about them anyway, cobbling together cover stories with stock photo footage and quotations from clips.

This has its costs. Publicists may punish magazines because they feel strongly that such "write arounds" undermine the commitments the stars have made to other magazines and that they deceive the reader. "I consider that dirty pool," said Catherine Olin of PMK. People magazine has made a success out of writing celebrity profiles without the celebrities. But Jones, People's former managing editor, said writing around has had its price. "Typically, we were getting access almost all the time when I went into the job," Jones said. "And when I left, we were getting access almost none of the time."

And in the chess game between publicist and magazine, objectivity has its risks.

"I think it gets more difficult in the area of how truthful you are about a subject, because you're dealing not just with somebody you might want to put on the cover again some time," Caruso said. "You're dealing with somebody whose girlfriend or boyfriend you might want to put on the cover, and with publicists who you're going to need in the future."

To some degree, people in the media say deals are becoming increasingly unnecessary, because magazines give celebrities an easy ride anyway. That is partly because of the limits on the art of the celebrity profile, editors say.

"The limits are that those people's lives are pretty similar," said Graydon Carter, editor of Vanity Fair. "They go on location, they try to quote unquote keep it real, they make more money than is reasonable. If you didn't need them on the cover, I probably wouldn't even do them."

The bottom line is that magazines and stars cannot live without the other. And that means the slippery slope may just get slicker.

PEOPLE



Daniel Baldwin, right, leaving court with his lawyer.

THE Austrian novelist, playwright and feminist Elfriede Jelinek has been awarded the 1998 Buechner prize, Germany's highest literary distinction. Jelinek, 51, rose to fame with novels and plays that, in an acid criticism of masculine domination, portray oppressed women. Her works have been assailed in Austria, but have won a wider following in Germany. She is the seventh woman to win the 60,000 Deutsche mark (\$33,300) prize, named after the 19th century German playwright Georg Buechner.

Lawyers for the estate and memorial fund of Diana, Princess of Wales, are suing the Franklin Mint, seeking to stop sales of dolls, plates, jewelry and other memorabilia bearing her name and likeness. In the federal lawsuit filed in Los Angeles, Mark Lee and James Cameron accused the Franklin Mint of unlawfully exploiting Diana's name "like vultures feeding on the dead" by selling products for which the estate had refused to issue them a license. The suit says that within days of her death in August, the Franklin Mint was advertising a "Princess Diana Tribute Plate," and followed that with a "Diana Princess of Wales Portrait Doll."

Dana International, the Israeli transsexual who won the Eurovision song contest, has signed a recording deal with Sony Music UK, the company said. The singer, who was known as Yaron Cohen before her sex change operation in

1993, will release her winning track, "Diva," in Britain on June 8. Under the terms of the deal, she will also put out an album later in the year, a Sony spokeswoman said. Dana International, who has been criticized by some Orthodox Jews for bringing shame on Israel, flew into London to sign the deal under heavy security after receiving a death threat.

The actor Daniel Baldwin did not enter a plea when he was arraigned on a misdemeanor drug charge stemming from an alleged cocaine-fueled rampage at the Plaza Hotel in New York in February. Released on \$1,000 bail, Baldwin, 37, faces up to one year in jail if he is convicted.

A federal judge in Los Angeles has dismissed a lawsuit brought by the toy maker Mamel Inc. against MCA Records over the hit pop song "Barbie Girl" by the Danish group Aqua. Mamel said it did not give MCA permission to use the name of its top-selling toy, but Judge William Matthew Byrne Jr. dismissed the claims, saying the song was a parody.

Philippine officials are looking for an American who duked it out with a high-school classmate named Joseph Estrada in 1953 — so they can invite him to Estrada's presidential inauguration. Estrada credits that schoolyard fight, which got both boys expelled, with setting him on the path that eventually

led to the presidency. Foreign Minister Domingo Siazon said. "That guy changed Estrada's life," said Siazon, also a former classmate of Estrada's. "If not for the fistfight, Estrada could have gone on in school and ended with another job." After his scuffle with Patrick Hilton, Estrada moved to another school. He later dropped out of college and became a tough-guy B-movie actor, which became his launching pad to politics. Siazon said Hilton may now be living in the United States.

A Quick Read of Joycean 'Filth'

New York Times Service

LONDON — The British prosecutor who decided in 1922 that James Joyce's "Ulysses" was obscene read only a few dozen pages at the end of the novel. The Guardian has reported.

In an excerpt from government documents that were supposed to be withheld for 100 years, the newspaper said Sir Archibald Bodkin, the director of public prosecution, concluded that "Ulysses" was obscene after a copy was seized at Croydon airport on Dec. 22, 1922.

"I have not had the time, nor, may I add, the inclination to read through this book," he wrote. "I have, however, read pages 690 to 732. There is a great deal of unmitigated filth and obscenity." The novel was barred from publication or sale in Britain until 1936.



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